
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10

**GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Grayscale Digital Large Cap Fund LLC
(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

98-1406784
(U.S. taxpayer
identification number No.)

290 Harbor Drive 4th Floor
Stamford, Connecticut
(Address of Principal Executive Offices)

06902
(Zip Code)

(212) 668-1427
(Registrant's telephone number, including area code)

Copies to:

Joseph A. Hall
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017

Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act: Grayscale Digital Large Cap Fund LLC Shares

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

EXPLANATORY NOTE

Grayscale Digital Large Cap Fund LLC (the “Fund”) is voluntarily filing this Registration of Securities on Form 10, or this “Registration Statement,” to register its equal, fractional, undivided interests (“Shares”) pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Once this Registration Statement becomes effective, the Fund will be subject to the requirements of Regulation 13A under the Exchange Act, which will require it to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and to comply with all other obligations of the Exchange Act applicable to issuers filing Registration Statements pursuant to Section 12(g) of the Exchange Act.

INFORMATION REQUIRED IN REGISTRATION STATEMENT CROSS REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

We have filed our Information Statement as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in our Information Statement. None of the information contained in the Information Statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item No.	Item Caption	Location in Information Statement
1.	Business.	The following sections of our Information Statement are hereby incorporated by reference: “Statement Regarding Forward-Looking Statements,” “Key Operating Metrics,” “Summary,” “Risk Factors,” “Overview of the Digital Asset Industry and Market,” “Activities of the Fund,” “Description of the Fund,” “The Manager,” “The Transfer Agent,” “Authorized Participants,” “The Custodian,” “The Distributor and Marketer,” “Custody of the Fund’s Digital Assets,” “Description of Creation of Shares,” “Valuation of Digital Assets and Determination of Digital Asset Holdings,” “Fund Expenses,” “Statements, Filings and Reports,” “Description of the LLC Agreement” and “Where You Can Find More Information.”
1A.	Risk Factors.	The following sections of our Information Statement are hereby incorporated by reference: “Statement Regarding Forward-Looking Statements” and “Risk Factors.”
2.	Financial Information.	The following sections of our Information Statement are hereby incorporated by reference: “Key Operating Metrics,” “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Valuation of Digital Assets and Determination of Digital Asset Holdings,” and “Index to Financial Statements” and the statements referenced therein.
3.	Properties.	None.
4.	Security Ownership of Certain Beneficial Owners and Management.	The following section of our Information Statement is hereby incorporated by reference: “Conflicts of Interest.”

<u>Item No.</u>	<u>Item Caption</u>	<u>Location in Information Statement</u>
5.	Directors and Executive Officers.	The following sections of our Information Statement are hereby incorporated by reference: "The Manager."
6.	Executive Compensation.	The following sections of our Information Statement are hereby incorporated by reference: "Fund Expenses."
7.	Certain Relationships and Related Transactions, and Director Independence.	The following sections of our Information Statement are hereby incorporated by reference: "The Manager" and "Conflicts of Interest."
8.	Legal Proceedings.	None.
9.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.	The following sections of our Information Statement are hereby incorporated by reference: "Management's Discussion and Analysis of Financial Condition and Results of Operations."
10.	Recent Sales of Unregistered Securities.	The following sections of our Information Statement are hereby incorporated by reference: "Description of the Shares."
11.	Description of Registrant's Securities to be Registered.	The following sections of our Information Statement are hereby incorporated by reference: "Description of the Shares," "Description of Creation of Shares" and "Description of the LLC Agreement."
12.	Indemnification of Directors and Officers.	The following section of our Information Statement is hereby incorporated by reference: "Description of the LLC Agreement."
13.	Financial Statements and Supplementary Data.	The following section of our Information Statement is hereby incorporated by reference: "Index to Financial Statements" and the statements referenced therein.
14.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.	Not Applicable.
15.	Financial Statements and Exhibits.	The following sections of our Information Statement are hereby incorporated by reference: "Index to Financial Statements" and the statements referenced therein.

(a) List of Financial Statements and Schedules: The following financial statements are included in the Information Statement and filed as part of this Registration Statement on Form 10:

Grayscale Digital Large Cap Fund LLC Unaudited Interim Financial Statements

Statements of Assets and Liabilities at December 31, 2020 and June 30, 2020

Schedules of Investments at December 31, 2020 and June 30, 2020

Statements of Operations for the three and six months ended December 31, 2020 and 2019

Statements of Changes in Net Assets for the three and six months ended December 31, 2020 and 2019

Notes to Unaudited Financial Statements

Grayscale Digital Large Cap Fund LLC Annual Financial Statements

Report of Independent Registered Public Accounting Firm

Statements of Assets and Liabilities at June 30, 2020 and 2019

Schedules of Investments at June 30, 2020 and 2019

Statements of Operations for the years ended June 30, 2020 and 2019

Statements of Changes in Net Assets for the years ended June 30, 2020 and 2019

Notes to Financial Statements

(b) Exhibits. The following documents are filed as exhibits hereto:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
4.1	<u>Second Amended and Restated Limited Liability Company Agreement</u>
4.2	<u>Amendment No. 1 to the Second Amended and Restated Limited Liability Company Agreement</u>
4.3*	Form of Amendment No. 2 to the Second Amended and Restated Limited Liability Company Agreement
4.4	<u>Form of Participant Agreement</u>
10.1†	<u>Custodian Agreement</u>
10.2	<u>Distribution and Marketing Agreement</u>
10.3†	<u>Index License Agreement</u>
10.4	<u>Transfer Agency and Service Agreement</u>
99.1	<u>Information Statement</u>
*	To be filed by amendment
†	Portions of this exhibit (indicated by asterisks) have been omitted as the Registrant has determined that (i) the omitted information is not material and (ii) the omitted information would likely cause competitive harm to the Registrant if publicly disclosed.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Grayscale Investments, LLC
as Manager of Grayscale Digital Large Cap Fund LLC

By: /s/ Michael Sonnenshein

Name: Michael Sonnenshein

Title: Chief Executive Officer*

Date: May 13, 2021

* The Registrant is a fund and the signatory is signing in his capacity as officer of Grayscale Investments, LLC, the Manager of the Registrant.

**SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
GRAYSCALE DIGITAL LARGE CAP FUND LLC**

Dated March 7, 2018

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GRAYSCALE DIGITAL LARGE CAP FUND LLC

**SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT**

This **SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT** (this “**Agreement**”) of **GRAYSCALE DIGITAL LARGE CAP FUND LLC** (the “**Fund**”) is dated March 7, 2018.

* * *

RECITALS

WHEREAS, the Fund was formed and registered by the Manager as a Cayman Islands limited liability company by filing a registration statement pursuant to section 5(2) of the LLC Law with the Registrar on January 25, 2018 (the “**Registration Date**”);

WHEREAS, the Fund is currently governed by the Amended & Restated Limited Liability Agreement dated February 1, 2018 (the “**Existing Agreement**”);

WHEREAS, the Manager desires to amend and restate the Existing Agreement in its entirety to reflect the modifications set out in this Agreement.

NOW, THEREFORE, the parties hereto hereby agree as follows.

ARTICLE I

DEFINITIONS; THE FUND

SECTION 1.1 *Name.*

The name of the Fund is Grayscale Digital Large Cap Fund LLC. The Fund’s name may be changed at any time by the Manager. The Manager shall cause the Fund to carry out its purposes as set forth in SECTION 1.4.

SECTION 1.2 *Definitions.* As used in this Agreement, the following terms shall have the following meanings unless the context otherwise requires:

“**Actual Exchange Rate**” means, with respect to any particular digital asset, at any time, the price per single unit of such digital asset (determined net of any associated fees) at which the Fund is able to sell such digital asset for U.S. Dollars (or other applicable fiat currency) at such time to enable the Fund to timely pay any Additional Fund Expenses, through use of the Manager’s commercially reasonable efforts to obtain the highest such price.

“**Additional Fund Expenses**” has the meaning set forth in SECTION 5.8(a)(vi).

“**Administrator**” means any Person from time to time engaged by the Manager to assist in the administration of the Shares.

“**Administrator Fee**” means the fee payable to the Administrator for services it provides to the Fund, which the Manager shall pay the Administrator as a Manager-paid Expense.

“**AEOI**” means:

(a) sections 1471 to 1474 of the Code and any associated legislation, regulations or guidance, and any other similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement similar financial account information reporting and/or withholding tax regimes;

(b) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance;

(c) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Cayman Islands (or any Cayman Islands government body) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in sub-paragraphs (a) and (b); and

(d) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding sub-paragraphs.

“**Affiliate**” means (i) any Person directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of such Person, (ii) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such Person, (iii) any Person, directly or indirectly, controlling, controlled by or under common control of such Person, (iv) any employee, officer, director, member, manager or partner of such Person, or (v) if such Person is an employee, officer, director, member, manager or partner, any Person for which such Person acts in any such capacity.

“**Agreement**” means this Second Amended and Restated Limited Liability Company Agreement, as it may at any time or from time to time be amended.

“**Annual Report**” means (i) the Fund’s most recent annual report prepared and publicly disseminated pursuant to the standards of any Secondary Market on which the Shares are then listed, quoted or traded or (ii) if the Shares are then registered under the Exchange Act, the Fund’s most recent annual report on Form 10-K prepared and filed in accordance with the rules and regulations of the SEC.

“**Basket**” means a block of 100 Shares.

“**Basket Amount**” means, for any Trade Date, the sum of (x) the Fund Component Basket Amounts for all Fund Components, (y) the Forked Asset Portion and (z) the Cash Portion, in each case, as of such Trade Date.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which banks are permitted or required to close for business in New York, New York.

“**Cash Account**” means any bank account of the Fund in which the Fund holds any portion of its U.S. Dollars.

“**Cash Portion**” means, for any Trade Date, the amount of U.S. Dollars determined by dividing (x) the amount of U.S. Dollars held by the Fund at 4:00 p.m., New York time, on such Trade Date by (y) the total number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“**CFTC**” means the Commodity Futures Trading Commission.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Covered Person**” means the Manager and its Affiliates and their respective members, managers, directors, officers, employees, agents and controlling persons.

“**Creation Basket**” means a Basket issued by the Fund in exchange for the transfer of the Basket Amount to the Fund.

“**Creation Order**” has the meaning assigned thereto in SECTION 2.2(a)(i).

“**Creation Settlement Date**” means, with respect to any Creation Order, the Business Day on which such Creation Order settles, as specified in the PA Procedures.

“**Digital Asset**” means any digital asset (or right with respect thereto) held by the Fund at any given time.

“**Digital Asset Accounts**” means the accounts holding the Fund’s Digital Assets, which, in the discretion of the Manager, could include an on-blockchain hot or cold wallet or a collection of accounts or sub-accounts maintained by one or more Security Vendors that represent or relate to the on-blockchain account that holds the Fund’s Digital Assets.

“**Digital Asset Benchmark Exchange**” means a digital asset benchmark exchange that represents at least 10% of the aggregate trading volume of the Digital Asset Exchange Market for the applicable digital asset during the last 30 consecutive calendar days and that to the knowledge of the Manager is in substantial compliance with the laws, rules and regulations, including any anti-money laundering and know-your-customer procedures. If there are fewer than three individual Digital Asset Benchmark Exchanges each of which represent at least 10% of the aggregate trading volume on the Digital Asset Exchange Market for the applicable digital asset during the last 30

consecutive calendar days, then the Digital Asset Benchmark Exchanges for the applicable digital asset that will serve as the basis for the Digital Asset Reference Rate calculation will be those Digital Asset Benchmark Exchanges that meet the above-described requirements.

“Digital Asset Exchange” means an electronic marketplace where exchange participants may trade, buy and sell digital assets based on bid-ask trading. The largest Digital Asset Exchanges are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Digital Asset Exchange Market” means the global market for the trading of digital assets, which consists of transactions on electronic Digital Asset Exchanges.

“Digital Asset Holdings” means, at any time, the aggregate value, expressed in U.S. Dollars, of the Fund’s assets, less its liabilities (which include estimated accrued but unpaid fees and expenses), calculated in accordance with SECTION 7.4.

“Digital Asset Holdings Fee Basis Amount” has the meaning assigned thereto in SECTION 7.4.

“Digital Asset Network” means the online, end-user-to-end-user network hosting a public transaction ledger, known as a blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing the network of a Digital Asset.

“Digital Asset Reference Rate” has the meaning assigned to such term in the Memorandum.

“Distributor” means Genesis Global Trading, Inc. or any other Person from time to time engaged to provide distribution services or related services to the Fund pursuant to authority delegated by the Manager.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event of Withdrawal” has the meaning set forth in SECTION 10.1(a)(ii) hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“FinCEN” means the Financial Crimes Enforcement Network, a bureau of the U.S. Department of Treasury.

“Fiscal Year” has the meaning set forth in ARTICLE VIII hereof.

“FOIA” means the Freedom of Information Act.

“Fund Accounts” means the Cash Accounts and the Digital Asset Accounts, collectively.

“Forked Asset” means any asset held by the Fund other than a Fund Component or U.S. Dollars, including (i) any right, arising from a fork, airdrop or similar occurrence, to acquire (or otherwise establish dominion and control over) any digital asset or other asset or right and (ii) any Digital Asset or other asset or right acquired by the Fund through the exercise of a right described in the preceding clause (i), in each case, until such time as the Manager designates such asset as a Fund Component.

“Forked Asset Portion” means, for any Trade Date, the amount of U.S. Dollars determined by dividing (x) the aggregate value in U.S. Dollars of the Fund’s Forked Assets at 4:00 p.m., New York time, on such Trade Date (determined by reference to a reputable Digital Asset Exchange as determined by the Manager, or, if possible, a Digital Asset Reference Rate) by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“Fund” means Grayscale Digital Large Cap Fund LLC, a Cayman limited liability company formed and registered on January 25, 2018, the affairs of which are governed by this Agreement.

“Fund Component” means a Digital Asset designated as such by the Manager in accordance with the policies and procedures set forth in the Offering Memorandum.

“Fund Component Aggregate Liability Amount” means, for any Fund Component and any Trade Date, a number of tokens of such Fund Component equal to the sum of (x) all accrued but unpaid Fund Component Fee Amounts for such Fund Component as of 4:00 p.m., New York time, on such Trade Date and (y) the Fund Component Expense Amount for such Fund Component as of 4:00 p.m., New York time, on such Trade Date.

“Fund Component Basket Amount” means, on any Trade Date and with respect to any Fund Component, the number of tokens of such Fund Component required to be delivered in connection with each Creation Basket or Redemption Basket, as determined by dividing the total number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such Trade Date, after deducting the applicable Fund Component Aggregate Liability Amount, by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained for the Fund Component by 100.

“Fund Component Expense Amount” means, for any Fund Component on any Trade Date, (x) the product of (1) the aggregate unpaid Additional Fund Expenses as of 4:00 p.m., New York time, on such Trade Date and (2) the Weighting of such Fund Component for such Trade Date, divided by (y) the Digital Asset Reference Rate for such Fund Component as of 4:00 p.m., New York time, on such Trade Date.

“Fund Component Fee Amount” has the meaning set forth in SECTION 5.8(a)(ii).

“Fund Component Holdings” means, for any Fund Component and any day, the product of (x) the Digital Asset Reference Rate for such Fund Component and (y) the excess of (1) the aggregate number of tokens of the Fund Component held by the Fund over (2) the accrued and unpaid Fund Component Fee Amounts for such Fund Component, in each case as of 4:00 p.m., New York time, on such day.

“Fund Construction Criteria” means the criteria, as determined by the Manager in its sole discretion, that a Digital Asset must meet to be eligible for inclusion as a Fund Component.

“Fund Counsel” has the meaning set forth in SECTION 11.3.

“Fund Property” means all assets held by the Fund, including, but not limited to, (i) all the Digital Assets and Forked Assets in the Fund’s accounts, including the Digital Asset Accounts, (ii) all proceeds from the sale of the Fund’s Digital Assets or Forked Assets, (iii) cash or cash equivalents held by the Fund as a result of sales of Digital Assets or Forked Assets or contributions of the Forked Asset Portion and/or the Cash Portion, and (iv) any rights of the Fund pursuant to any agreements, other than this Agreement, to which the Fund is a party.

“GAAP” means U.S. generally accepted accounting principles.

“Gross Negligence” means, in relation to a Person, a standard of conduct beyond negligence whereby that Person acts with reckless disregard for the consequences of a breach of a duty of care owed to another.

“Liquidator” has the meaning set forth in SECTION 10.2.

“Liquidity Provider” means an entity eligible to facilitate creations or redemptions of Shares on behalf of a Participant in exchange for cash that has entered into a Participant Agreement and has access to a Liquidity Provider Account.

“Liquidity Provider Accounts” means, with respect to any Liquidity Provider, its wallet addresses holding digital assets and bank accounts holding U.S. Dollars known to the Custodian as belonging to such Liquidity Provider.

“LLC Law” means the Limited Liability Companies Law, 2016 of the Cayman Islands, as may be further amended from time to time and any successor to such statute.

“Manager” means Grayscale Investments, LLC, or any substitute therefor as provided herein, or any successor thereto by merger or operation of law.

“Manager-paid Expense” and **“Manager-paid Expenses”** have the meaning set forth in SECTION 5.8(a)(vi)

“Manager’s Fee” has the meaning set forth in SECTION 5.8(a)(i).

“**Marketer**” means Genesis Global Trading, Inc. or any other Person from time to time engaged to provide marketing services or related services to the Fund pursuant to authority delegated by the Manager.

“**Marketing Fee**” means the fee payable to the Marketer for services it provides to the Fund, which the Manager shall pay the Marketer as a Manager-paid Expense.

“**Memorandum**” means (i) the confidential private placement memorandum of the Fund, as the same may, at any time and from time to time, be amended or supplemented, or (ii) if the Shares are registered under the Exchange Act, the most recent of (x) any prospectus of the Fund that has been filed with the SEC as a part of the SEC Registration Statement and/or the Cayman Islands Monetary Authority (if applicable) and (y) any report filed by the Fund with the SEC under the Exchange Act that states that it is to be treated as the Memorandum for general purposes or any specific purpose.

“**Original Agreement**” has the meaning assigned thereto in the recitals.

“**PA Procedures**” has the meaning assigned thereto in SECTION 2.2(a).

“**Participant**” means a Person that (i) has entered into a Participant Agreement with the Manager and the Fund and (ii) has access to a Participant Self-Administered Account.

“**Participant Agreement**” means an agreement among the Fund, the Manager and a Participant, substantially in the form of Exhibit A hereto, as it may be amended or supplemented from time to time in accordance with its terms.

“**Participant Self-Administered Accounts**” means, with respect to any Participant, the series of wallet addresses holding digital assets and the bank accounts holding U.S. Dollars known to the Manager and the Security Vendors as belonging to such Participant.

“**Percentage Interest**” means, with respect to any Shareholder at any time, a fraction, the numerator of which is the number of Shares held by such Shareholder and the denominator of which is the total number of Shares outstanding, in each case as of 4:00 p.m., New York time, on the date of determination.

“**Person**” means any natural person, partnership, limited liability company, trust, corporation, association, governmental authority or other entity.

“**Public Access Law**” has the meaning assigned thereto in SECTION 11.7(b).

“**Quarterly Report**” means (i) the Fund’s most recent quarterly report prepared and publicly disseminated pursuant to the standards of any Secondary Market on which the Shares are then listed, quoted or traded or (ii) if the Shares are then registered under the Exchange Act, the Fund’s most recent quarterly report on Form 10-Q prepared and filed in accordance with the rules and regulations of the SEC.

“Rebalancing Period” means any period (as described in the Memorandum) during which the Manager rebalances the Fund’s portfolio in accordance with the policies and procedures set forth in the Memorandum.

“Redemption Basket” means a Basket redeemed by the Fund in exchange for Digital Assets and, if applicable, U.S. Dollars in an amount equal to the Basket Amount.

“Redemption Order” has the meaning assigned thereto in SECTION 4.2(a).

“Redemption Settlement Date” means, with respect to any Redemption Order, the Business Day on which such Redemption Order settles, as specified in the PA Procedures.

“Register” has the meaning assigned thereto in SECTION 7.1(b).

“Registrar” means the Registrar of Limited Liability Companies of the Cayman Islands.

“Registration Statement” has the meaning assigned thereto in the recitals.

“Rules” has the meaning assigned thereto in SECTION 11.3.

“SEC” means the Securities and Exchange Commission.

“SEC Registration Statement” means the most recent registration statement of the Fund, as filed with and declared effective by the SEC, as the same may at any time and from time to time be amended or supplemented.

“Secondary Market” means any marketplace or other alternative trading system, as determined by the Manager, on which the Shares may then be listed, quoted or traded, including, but not limited to, the OTCQX tier of the OTC Markets Group Inc. and NYSE Arca, Inc.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Vendor” or **“Security Vendors”** means Ledger SAS and any other Person or Persons from time to time engaged to provide security or custodian services or related services to the Fund pursuant to authority delegated by the Manager.

“Security Vendors Fee” means the fee payable to the Security Vendors for the services they provide to the Fund, which the Manager shall pay to the Security Vendors as a Manager-paid Expense.

“Shareholder” means any Person that is admitted as a member of the Fund and owns Shares.

“Shares” means the equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund, which Shares shall be

issued to the Shareholders as described in Article II with such relative rights and terms as set forth in this Agreement, and references in this Agreement to a Shareholder's membership interests are reference to such Shareholder's Shares.

"Subscription Agreement" means each subscription agreement between the Fund and a Shareholder pursuant to which such Shareholder acquires its Shares in the Fund.

"Total Basket Amount" means, with respect to any Creation Order or Redemption Order, the applicable Basket Amount multiplied by the number of Creation Baskets or Redemption Baskets, as specified in the applicable Creation Order or Redemption Order.

"Trade Date" means, for any Creation Order or Redemption Order, the Business Day on which the Total Basket Amount with respect to such Creation Order or Redemption Order is determined in accordance with the PA Procedures.

"Transfer Agent" means Continental Stock Transfer & Trust Company or any other Person from time to time engaged to provide such services or related services to the Fund pursuant to authority delegated by the Manager.

"U.S. Dollar" means United States dollars.

"Weighting" means, for any Fund Component on any Business Day, a fraction equal to (x) the Fund Component Holdings for such Fund Component for such day, divided by (y) the sum of the Fund Component Holdings for all Fund Components for such day.

SECTION 1.3 *Offices.*

(a) The principal office of the Fund, and such additional offices as the Manager may establish, shall be located at such place or places outside the Cayman Islands as the Manager may designate from time to time in writing to the Shareholders. Initially, the principal office of the Fund shall be at c/o Grayscale Investments, LLC, 636 Avenue of the Americas, 3rd Floor, New York, New York 10011.

(b) The registered office of the Fund in the Cayman Islands shall be located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Manager may designate from time to time another registered office in the Cayman Islands by filing the required certificate of amendment to the Registration Statement with the Registrar in accordance with the LLC Law.

SECTION 1.4 *Purposes and Powers.*

(a) The Fund is formed for the object and purpose of, and the nature of the activities to be conducted by the Fund is, engaging in any lawful act or activity for which limited liability companies may be formed under the LLC Law and engaging in any and all activities necessary or incidental to the foregoing. Without limiting the generality of the foregoing, the primary purpose of the Fund is to acquire, hold, dispose of and otherwise deal with Digital Assets, any Forked Assets and any assets into which any Digital Asset held by the Fund is converted, including other Digital Assets or cash in U.S. Dollars or other fiat currencies. In furtherance of its purposes, (x) the Fund shall have the power to do all things necessary or convenient to carry on any business or affairs not prohibited by the laws of the Cayman Islands and the Fund shall have the powers set out in section 9 (4) of the LLC Law and (y) the Fund shall have the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or for the protection and benefit of the Fund, and shall have, without limitation, any and all of the powers that may be exercised on behalf of the Fund by the Manager or any of its delegates.

SECTION 1.5 *Duration.* The Fund was formed for an unlimited duration. The Fund shall continue until such time as it is wound up pursuant to the provisions of ARTICLE X of this Agreement or otherwise in accordance with the LLC Law.

SECTION 1.6 *Legal Title to Fund Property.*

(a) The Shareholders shall not have legal title to any part of the Fund Property.

(b) Without limitation to the other provisions of this Agreement, no creditor of any Shareholder shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to the Fund Property.

ARTICLE II

SHARES; CREATIONS AND ISSUANCE OF CREATION BASKETS

SECTION 2.1 *General.*

(a) Persons shall be admitted to the Fund as Shareholders upon their execution of, or adherence to, this Agreement and the acceptance of each such Person's Subscription Agreement by the Fund. Every Shareholder, by virtue of having purchased or otherwise acquired a Share, shall be deemed to have expressly consented and agreed to be bound by the terms of this Agreement.

(b) Each Shareholder agrees that its interest in the Fund shall be measured in Shares and recorded in the Register. The Manager shall update the Register to reflect the issuance, transfer or redemption of Shares from time to time.

(c) Without limitation to the foregoing, the Manager shall have the power and authority, without action or approval by the Shareholders, to cause the Fund to issue Shares from time to time as it deems necessary or desirable. The number of Shares authorized shall be unlimited, and the Shares so authorized may be represented in part by fractional Shares, calculated to one one-hundred-millionth of one Share (*i.e.*, carried to the eighth decimal place). From time to time, the Manager may cause the

Fund to divide or combine the Shares into a greater or lesser number without thereby in any way affecting the rights of the Shareholders without action or approval by the Shareholders. The Fund shall issue Shares solely in exchange for contributions of Digital Assets and, if applicable, U.S. Dollars in accordance with the terms hereof, or for no additional consideration if pursuant to a distribution of a bonus issue of Shares or Share split-up. Subject to the limitations upon, and requirements for, the issuance of Creation Baskets stated herein and in the PA Procedures (as defined below), the number of Creation Baskets that may be issued by the Fund is unlimited.

SECTION 2.2 *Offer of Shares; Procedures for Creation and Issuance of Creation Baskets.*

(a) General. The following procedures, as supplemented by the more detailed procedures specified in the Exhibits, annexes, attachments and procedures, as applicable, to each Participant Agreement (the “**PA Procedures**”), which may be amended from time to time in accordance with the provisions of the relevant Participant Agreement (*provided* that any such amendment shall not constitute an amendment of this Agreement), shall govern the Fund with respect to the creation and issuance of Creation Baskets to Participants, subject to SECTION 2.2(b).

(i) On any Business Day, a Participant may place an order for one or more Creation Baskets (each, a “**Creation Order**”) in the manner provided in the PA Procedures.

(ii) The Manager or its delegate shall process Creation Orders only from Participants with respect to which a Participant Agreement is in full force and effect and only in accordance with the PA Procedures. The Manager or its delegate shall maintain and make available at the Fund’s principal offices during normal business hours a current list of the Participants with respect to which a Participant Agreement is in full force and effect.

(iii) The Fund shall create and issue Creation Baskets only in exchange for transfer to the Fund on the applicable Creation Settlement Date of the applicable Total Basket Amount by the relevant Participant or Liquidity Provider, as applicable.

(iv) The Manager or its delegate has final determination of all questions as to the calculation of the Total Basket Amount at any time.

(v) Transfers of digital assets or U.S. Dollars (if applicable) other than those received from a Participant Self-Administered Account or a Liquidity Provider Account shall be rejected. The expense and risk of delivery, ownership and safekeeping of Fund Components and U.S. Dollars, until such Fund Components and U.S. Dollars have been received and not rejected by the Fund, shall be borne solely by the Participant or a Liquidity Provider, as applicable.

(vi) Upon the transfer of the Total Basket Amount to the Fund Accounts, the Manager or its delegate shall (A) if applicable and instructing the Security Vendors as necessary, transfer digital assets included in the Total Basket Amount to the appropriate sub-account of the Digital Asset Accounts, (B) direct the Transfer Agent to credit to the Participant's account the number of Creation Baskets ordered by the Participant and (C) compensate the Liquidity Provider pursuant to the PA Procedures.

(vii) The Fund may accept delivery of U.S. Dollars or any digital asset deliverable as part of the Total Basket Amount by such other means as the Manager, from time to time, may determine to be acceptable for the Fund.

(b) Rejection or Suspension. The Manager or its delegate shall reject a Creation Order if the Creation Order is not in proper form as described in the relevant Participant Agreement or if the fulfillment of the Creation Order, in the opinion of its counsel, might be unlawful. The issuance of Creation Baskets may be suspended by the Manager generally, or refused with respect to a particular Creation Order, for any or no reason, including during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Manager or its delegate make it for all practicable purposes not feasible to process Creation Orders or for any other reason at any time or from time to time. None of the Manager, its delegates or the Security Vendors shall be liable for the suspension or rejection of any Creation Order.

(c) Conflict. In the event of any conflict between the procedures described in this SECTION 2.2 and the PA Procedures, the PA Procedures shall control.

(d) Successor Security Vendors. If a successor to any of the Security Vendors shall be employed, the Fund and the Manager shall establish procedures acceptable to such successor with respect to the matters addressed in this SECTION 2.2.

SECTION 2.3 *Book-Entry System.*

(a) Shares shall be held in book-entry form by the Transfer Agent. The Manager or its delegate shall direct the Transfer Agent to (i) credit or debit the number of Creation Baskets or Redemption Baskets to the account of the applicable Shareholder and (ii) issue or cancel Creation Baskets or Redemption Baskets, as applicable, at the direction of the Manager or its delegate.

(b) The Manager or its delegate may cause the Fund to issue Shares in certificated form in its sole discretion.

SECTION 2.4 *Distributions.*

(a) Subject to applicable law, the Fund may make distributions on Shares either in cash or in kind.

(b) Distributions on Shares, if any, may be made with such frequency as the Manager may determine, which may be daily or otherwise, to the Shareholders,

from the Fund Property, after providing for actual and accrued liabilities. All distributions on Shares shall be made *pro rata* to the Shareholders in proportion to their respective Percentage Interests at the date and time of record established for such distribution.

SECTION 2.5 *Voting Rights.*

Notwithstanding any other provision hereof, on each matter submitted to a vote of the Shareholders, each Shareholder shall be entitled to a proportionate vote based upon its Percentage Interest at such time.

ARTICLE III

TRANSFERS OF SHARES

SECTION 3.1 *General Prohibition.* A Shareholder may not sell, assign, transfer or otherwise dispose of, or pledge, mortgage, charge, hypothecate, grant any other security interest over or in any manner encumber any or all of its Shares or any part of its right, title and interest in the Fund Property except as permitted in this ARTICLE III and any act in violation of this ARTICLE III shall be of no effect and shall not be binding upon or recognized by the Fund (regardless of whether the Manager shall have knowledge thereof), unless approved in writing by the Manager.

SECTION 3.2 *Restricted Securities.*

Except for Shares transferred in a transaction registered under the Securities Act, the Shares are “restricted securities” that cannot be resold, pledged or otherwise transferred without registration under the Securities Act and state securities laws or exemption therefrom and may not be resold, pledged or otherwise transferred without the prior written consent of the Manager, which it may withhold in its sole discretion for any reason or for no reason. The Manager may provide, or otherwise waive the requirement for, such written consent by notice to Shareholders at any time.

SECTION 3.3 *Transfer of Shares Generally.*

Shares shall be transferable on the books of account for the Fund only by the record holder thereof or by his or her duly authorized agent upon delivery to the Manager or the Transfer Agent or similar agent of a duly executed instrument of transfer, and such evidence of the genuineness of each such execution and authorization and of such other matters and documents as may be required by the Manager. Upon such delivery, and subject to any further requirements specified by the Manager, the transfer shall be recorded on the books of account for the Fund, including the Register, and such transferee shall be admitted as a member of the Fund. Until a transfer is so recorded, the Shareholder of record of Shares shall be deemed to be the Shareholder with respect to such Shares for all purposes hereunder and neither the Manager nor the Fund, nor the Transfer Agent or any similar agent or registrar or any officer, employee or agent of the Fund, shall be affected by any notice of a proposed transfer.

ARTICLE IV

REDEMPTIONS

SECTION 4.1 *Unavailability of Redemption Program.* Unless otherwise determined by the Manager in its sole discretion following the Fund's receipt of regulatory approval therefor and registration, to the extent required, with the Cayman Islands Monetary Authority under the laws and regulations of the Cayman Islands after making such modifications to this Agreement and the Memorandum as may be necessary to effect such registration, the Fund shall not offer a redemption program for the Shares. The Fund may, but shall not be required to, seek regulatory approval to operate a redemption program. If any redemption program is approved, then any redemption authorized by the Manager shall be subject to the provisions of this ARTICLE IV.

SECTION 4.2 *Redemption of Redemption Baskets.*

(a) General. Upon the approval of a redemption program and authorization by the Manager, the following procedures, as supplemented by the PA Procedures, which may be amended from time to time in accordance with the provisions of the Participant Agreement, shall govern the Fund with respect to the redemption of Redemption Baskets, subject to SECTION 5.2(b).

(i) On any Business Day, a Participant may place an order to redeem Redemption Baskets (each, a "**Redemption Order**") in the manner provided in the PA Procedures.

(ii) The Manager or its delegates shall process Redemption Orders only from Participants with respect to which a Participant Agreement is in full force and effect.

(iii) The Fund shall redeem Redemption Baskets only in exchange for deposit with the Transfer Agent on the Redemption Settlement Date of the total number of Baskets indicated in the Participant's Redemption Order.

(iv) Upon the Fund's receipt of the total number of Baskets indicated in the Participant's Redemption Order, the Manager or its delegate shall instruct the Transfer Agent to cancel the Shares in the Baskets so redeemed. The Manager or its delegate shall, instructing the Security Vendors as necessary, transfer the Total Basket Amount to the relevant Participant Self-Administered Accounts or the relevant Liquidity Provider Accounts, as applicable.

(v) The Manager or its delegate has final determination of all questions as to the determination of the Total Basket Amount at any time.

(vi) The Total Basket Amount shall be delivered only to Participant Self-Administered Accounts or Liquidity Provider Accounts.

(vii) The Total Basket Amount shall be subject to the deduction of any applicable tax or other governmental charges that may be due.

(b) Rejection or Suspension. The Manager or its delegate shall reject a Redemption Order if the Redemption Order is not in proper form as described in the relevant Participant Agreement or if the fulfillment of the Redemption Order, in the opinion of its counsel, might be unlawful. The redemption of Baskets may be suspended by the Manager generally, or refused with respect to a particular Redemption Order, for any or no reason (either in whole or in part), including during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Manager or its delegate make it for all practicable purposes not feasible to process Redemption Orders or for any other reason at any time or from time to time. None of the Manager, its delegates or the Security Vendors shall be liable for the suspension or rejection of any Redemption Order.

(c) Conflict. In the event of any conflict between the procedures described in this SECTION 4.2 and the PA Procedures, the PA Procedures shall control.

SECTION 4.3 *Other Redemption Procedures*. The Manager or its delegates from time to time may, but shall have no obligation to, establish procedures with respect to redemption of Shares in lot sizes smaller than the Redemption Basket and permitting the redemption distribution to be delivered in a manner other than that specified in SECTION 4.2. Without limitation to the foregoing, the Manager, acting in its sole discretion, may cause the Fund to effect compulsory redemptions of Shares from time to time.

ARTICLE V

THE MANAGER

SECTION 5.1 *Management of the Fund and Delegation*

(a) The management of the Fund shall be vested exclusively in the Manager.

(b) The Manager shall have the power to do any and all acts which are deemed necessary, convenient or incidental to, or for the furtherance of, the purposes of the Fund as described in this Agreement and may exercise all the powers of the Fund. The Manager is authorized to execute, deliver and file, in the name of and on behalf of the Fund, any and all documents, agreements, certificates, receipts, instruments, forms, letters or similar documents and to do or cause to be done any other actions as the Manager may deem necessary or desirable, except as may be limited by the LLC Law or the terms of this Agreement.

(c) The Manager may delegate, as provided herein, the duty and authority to manage the affairs of the Fund. Any determination as to what is in the interests of the Fund made by the Manager in good faith shall be conclusive. In construing the provisions of this Agreement, the presumption shall be in favor of a grant of power to the Manager, but subject, for the avoidance of doubt, to the restrictions,

prohibitions and limitations expressly set forth in this Agreement. The enumeration of any specific power in this Agreement shall not be construed as limiting the aforesaid power.

(d) The Manager may appoint such officers of the Fund as may be deemed necessary or advisable, on such terms as may be determined by the Manager and with such powers and authorities as may be delegated to such officers. Officers shall be subject to removal by the Manager at any time. To the extent specified by the Manager, the officers shall have the authority to act on behalf of, bind and execute and deliver documents in the name and on behalf of the Fund, except as may be limited by the LLC Law or the terms of this Agreement. No such delegation shall cause any Manager to cease to be a manager of the Fund nor cause an officer to be a manager for the purposes of the LLC Law.

(e) The Manager may appoint any person, firm or corporation to act as an authorized person or service provider to the Fund and may entrust to and confer upon any such authorized persons or service providers any of the functions, duties, powers and discretions exercisable by the Manager, upon such terms and conditions (including as to remuneration payable by the Fund) and with such powers of delegation, but subject to such restrictions, as the Manager thinks fit. Without limiting the generality of the foregoing, such service providers may include investment managers, investment advisers, administrators, registrars, transfer agents, custodians and prime brokers.

(f) Without limitation to the foregoing, the Manager may by power of attorney or otherwise appoint any company, firm, person or body of persons to be the attorney or authorized signatory of the Fund for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Manager under this Agreement) and for such period and subject to such conditions as the Manager may think fit.

SECTION 5.2 *Authority of Manager.* In addition to, and not in limitation of, any rights and powers conferred by law or other provisions of this Agreement, including SECTION 5.1 above, and except as limited, restricted or prohibited by the express provisions of this Agreement or the LLC Law, the Manager's powers and rights shall include, without limitation, the following:

(a) To enter into, execute, accept, deliver and maintain, and to cause the Fund to perform its obligations under, contracts, agreements and any or all other documents and instruments incidental to the Fund's purposes, and to do and perform all such acts as may be in furtherance of the Fund's purposes, or necessary or appropriate for the offer and sale of the Shares, including, but not limited to, causing the Fund to enter into (i) contracts or agreements with the Manager or an Affiliate, *provided* that any such contract or agreement does not conflict with clause (ii) below and (ii) contracts with third parties for various services, it being understood that any document or instrument executed or accepted by the Manager in the Manager's name shall be deemed executed and accepted on behalf of the Fund by the Manager, *provided, however*, that such services may be performed by an Affiliate or Affiliates of the Manager as long as

the Manager has made a good faith determination that (A) the Affiliate that it proposes to engage to perform such services is qualified to do so (considering the prior experience of the Affiliate or the individuals employed by the Affiliate); (B) the terms and conditions of the agreement pursuant to which such Affiliate is to perform services for the Fund are no less favorable to the Fund than could be obtained from equally-qualified unaffiliated third parties; and (C) the maximum period covered by the agreement pursuant to which such Affiliate is to perform services for the Fund shall not exceed one year, and such agreement shall be terminable without penalty upon one hundred twenty (120) days' prior written notice by the Fund;

(b) To establish, maintain, deposit into, and sign checks and/or otherwise draw upon, accounts on behalf of the Fund with appropriate banking and savings institutions;

(c) To deposit, withdraw, pay, retain and distribute the Fund Property or any portion thereof in any manner consistent with the provisions of this Agreement;

(d) To establish, and change at any time, the Fund Construction Criteria;

(e) To purchase and sell Digital Assets in connection with any rebalancing of the Fund's portfolio or changes to the Fund Construction Criteria;

(f) To supervise the preparation of the Memorandum and supplements and amendments thereto;

(g) To make or authorize the making of distributions to the Shareholders and payments of expenses of the Fund, in each case, out of the Fund Property;

(h) To prepare, or cause to be prepared, and file, or cause to be filed, an application to register any Shares under the Securities Act and/or the Exchange Act and to take any other action and execute and deliver any certificates or documents that may be necessary to effectuate such registration;

(i) To prepare, or cause to be prepared, and file, or cause to be filed, an application to enable the Shares to be listed, quoted or traded on any Secondary Market and to take any other action and execute and deliver any certificates or documents that may be necessary to effectuate such listing, quotation or trading;

(j) To appoint one or more Security Vendors, including itself or an Affiliate, to provide for custodial or non-custodial security services, or to determine not to appoint any Security Vendors, and to otherwise take any action with respect to the Security Vendors to safeguard the Fund Property;

(k) In the sole and absolute discretion of the Manager, to admit an Affiliate or Affiliates of the Manager as additional Managers;

(l) To delegate those of its duties hereunder as it shall determine from time to time to one or more Distributors, and add any additional service providers, if needed and as applicable;

(m) To perform such other services as the Manager believes that the Fund may from time to time require;

(n) To determine, in good faith, which peer-to-peer network, among a group of incompatible forks of any Digital Asset Network, is generally accepted as the relevant Digital Asset and should therefore be considered that Digital Asset for the Fund's purposes, which the Manager will determine based on a variety of then relevant factors, including (but not limited to) the following: (i) the Manager's beliefs regarding expectations of the core developers of the relevant Digital Asset, users, services businesses, miners and other constituencies and (ii) the actual, continued development, acceptance, mining power and community engagement; and

(o) In general, to do everything necessary, suitable or proper for the accomplishment of any purpose or the attainment of any objective or the furtherance of any power herein set forth, either alone or in association with others, and to do every other act or thing incidental or appurtenant to, or growing out of or connected with, the aforesaid purposes, objects or powers.

SECTION 5.3 *Obligations of the Manager.* In addition to the obligations expressly provided by the LLC Law or this Agreement, the Manager shall:

(a) Devote such of its time to the affairs of the Fund as it shall, in its discretion exercised in good faith, determine to be necessary to carry out the purposes of the Fund, as set forth in SECTION 1.4, for the benefit of the Shareholders;

(b) Execute, file, record and/or publish all certificates, statements and other documents and do any and all other things as may be appropriate for the formation, qualification and operation of the Fund and for the conduct of its affairs in all appropriate jurisdictions;

(c) Retain independent public accountants to audit the accounts of the Fund;

(d) Employ attorneys to represent the Manager and, as necessary, the Fund;

(e) Select and enter into agreements with any service provider to the Fund;

(f) Monitor all fees charged to the Fund, and the services rendered by the service providers to the Fund, to determine whether the fees paid by, and the services rendered to, the Fund are at competitive rates and are the best price and services available under the circumstances, and if necessary, renegotiate the fee structure to obtain such rates and services for the Fund;

- (g) Have fiduciary responsibility for the safekeeping and use of the Fund Property, whether or not in the Manager's immediate possession or control;
- (h) Not employ or permit others to employ the Fund Property in any manner except for the benefit of the Fund, including, among other things, the utilization of any portion of the Fund Property as compensating balances for the exclusive benefit of the Manager;
- (i) At all times act with integrity and good faith and exercise due diligence in all activities relating to the Fund and in resolving conflicts of interest;
- (j) Enter into a Participant Agreement with each Participant and discharge the duties and responsibilities of the Fund and the Manager thereunder;
- (k) Receive directly or through its delegates from Participants and process properly submitted Creation Orders, as described in SECTION 2.2(a);
- (l) Receive directly or through its delegates from Participants and process properly submitted Redemption Orders (if authorized under applicable law), as described in SECTION 4.2(a), or as may from time to time be permitted by SECTION 4.3;
- (m) Interact with the Security Vendors and any other party as required;
- (n) If the Shares are listed, quoted or traded on any Secondary Market, cause the Fund to comply with all rules, orders and regulations of such Secondary Market to which the Fund is subject as a result of the listing, quotation or trading of the Shares on such Secondary Market, and take all such other actions that may reasonably be taken and are necessary for the Shares to remain listed, quoted or traded on such Secondary Market until the Fund is terminated or the Shares are no longer listed, quoted or traded on such Secondary Market;
- (o) If the Shares are transferred in a transaction registered under the Securities Act or registered under the Exchange Act, cause the Fund to comply with all rules, orders and regulations of the SEC and take all such other actions as may reasonably be taken and are necessary for the Shares to remain registered under the Exchange Act until the Fund is terminated or the Shares are no longer registered under the Exchange Act; and
- (p) Take all actions to prepare and, to the extent required by this Agreement or by law, mail to Shareholders any reports, press releases or statements, financial or otherwise, that the Manager determines are required to be provided to Shareholders by applicable law or governmental regulation or the requirements of any Secondary Market on which the Shares are listed, quoted or traded or, if any Shares are transferred in a transaction registered under the Securities Act or registered under the Exchange Act, the SEC, as applicable.

The foregoing clauses of SECTION 5.2 and SECTION 5.2(n) shall be construed both as objects and powers, and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Manager. Any action by the Manager hereunder shall be deemed an action on behalf of the Fund, and not an action in an individual capacity.

SECTION 5.4 *General Prohibitions.* The Fund shall not, and the Manager shall not have the power to cause the Fund to:

- (a) If the redemption of Shares is not authorized pursuant to SECTION 4.1, redeem any Shares other than upon the winding up, liquidation and dissolution of the Fund;
- (b) Borrow money from, or loan money to, any Shareholder, the Manager or any other Person;
- (c) Create, incur, assume or suffer to exist any lien, mortgage, charge, pledge, conditional sales or other title retention agreement, charge, security interest or encumbrance on or with respect to the Fund Property, except liens for taxes not delinquent or being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established;
- (d) Commingle the Fund Property with the assets of any other Person, provided that any delay between the sale of Fund Property to a third party and transfer of such Fund Property from the Fund Accounts to such third party in settlement of such sale shall not be deemed to contravene this provision;
- (e) Permit rebates to be received by the Manager or any Affiliate of the Manager, or permit the Manager or any Affiliate of the Manager to engage in any reciprocal business arrangements which would circumvent the foregoing prohibition;
- (f) Enter into any contract with the Manager or an Affiliate of the Manager (A) that, except for selling agreements for the sale of Shares, has a term of more than one year and that does not provide that it may be canceled by the Fund without penalty on sixty (60) days prior written notice or (B) for the provision of services, except at rates and terms at least as favorable as those that may be obtained from third parties in arm's length negotiations; or
- (g) Enter into any exclusive brokerage contract.

SECTION 5.5 *Liability of Covered Persons.* A Covered Person shall have no liability to the Fund or to any Shareholder or other Covered Person for any loss suffered by the Fund which arises out of any action or inaction of such Covered Person if such Covered Person, in good faith, determined that such course of conduct was in the best interest of the Fund and such course of conduct did not constitute actual fraud, Gross Negligence, bad faith or willful misconduct of such Covered Person. Subject to the foregoing, neither the Manager nor any other Covered Person shall be personally liable for the return or repayment of all or any portion of the Digital Assets transferred, or the purchase price otherwise paid, by a Shareholder for its Shares, it being expressly agreed that any such return made pursuant to this Agreement shall be made solely from the assets of the Fund without any rights of contribution from the Manager or any other Covered Person. A Covered Person shall not be liable for the conduct or misconduct of any delegatee selected by the Manager with reasonable care.

SECTION 5.6 *Duties of the Manager.*

(a) To the extent that, at law or in equity, the Manager has duties (including fiduciary duties) and liabilities relating thereto to the Fund, the Shareholders or any other Person, the Manager acting under this Agreement shall not be liable to the Fund, the Shareholders or any other Person for its good faith reliance on the provisions of this Agreement subject to the standard of care set forth in SECTION 5.5 herein. In fulfilling its duties, the Manager may take into account such factors as the Manager deems appropriate or necessary. Neither the Manager nor any other manager of the Fund shall be subject to any other or different standard and, to the extent that, at law or in equity, any Manager has duties (including fiduciary duties) and liabilities, all such duties and liabilities are replaced by the duties and liabilities of a Manager expressly set forth in this Agreement. To the fullest extent permitted by law, no Person other than the Manager shall have any duties (including fiduciary duties) or liabilities at law or in equity to the Fund, the Shareholders or any other Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between the Manager or any of its Affiliates, on the one hand, and the Fund, any Shareholder or any other Person, on the other hand; or (ii) whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner that is, or provides terms that are, fair and reasonable to the Fund, any Shareholder or any other Person, the Manager shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Manager, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Manager at law or in equity or otherwise.

(c) The Manager and any Affiliate of the Manager may engage in or possess an interest in profit-seeking or business ventures of any nature or description,

independently or with others, whether or not such ventures are competitive with the Fund and the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to the Manager. If the Manager acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Fund, it shall have no duty to communicate or offer such opportunity to the Fund, and the Manager shall not be liable to the Fund or to the Shareholders for breach of any fiduciary or other duty by reason of the fact that the Manager pursues or acquires for, or directs such opportunity to, another Person or does not communicate such opportunity or information to the Fund. Neither the Fund nor any Shareholder shall have any rights or obligations by virtue of this Agreement in or to such independent ventures or the income or profits or losses derived therefrom, and the pursuit of such ventures, even if competitive with the purposes of the Fund, shall not be deemed wrongful or improper. Except to the extent expressly provided herein, the Manager may engage or be interested in any financial or other transaction with the Fund, the Shareholders or any Affiliate of the Fund or the Shareholders.

(d) To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement a Person is permitted or required to make a decision (a) in its “sole discretion” or “discretion” or under a grant of similar authority or latitude, the Person shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Fund, the Shareholders or any other Person, or (b) in its “good faith” or under another express standard, the Person shall act under such express standard and shall not be subject to any other or different standard. The term “good faith” as used in this Agreement shall mean subjective good faith and the duty of the Manager to act in “good faith” shall mean that the Manager shall be required to act honestly in its dealings with respect to the powers which have been conferred on the Manager in its capacity as a manager of the Fund and shall not, to the fullest extent permitted by applicable law, be held to any higher or different standard.

SECTION 5.7 *Indemnification of the Manager.*

(a) The Manager shall be indemnified by the Fund against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with its activities for the Fund, provided that (i) the Manager was acting on behalf of, or performing services for, the Fund and has determined, in good faith, that such course of conduct was in the best interests of the Fund and such liability or loss was not the result of actual fraud, Gross Negligence, bad faith, willful misconduct, or a material breach of this Agreement on the part of the Manager and (ii) any such indemnification will be recoverable only from the Fund Property. All rights to indemnification permitted herein and payment of associated expenses shall not be affected by the dissolution or other cessation of existence of the Manager, or the withdrawal, adjudication of bankruptcy or insolvency of the Manager, or the filing of a voluntary or involuntary petition in bankruptcy under Title 11 of the United States Code by or against the Manager.

(b) Notwithstanding the provisions of SECTION 5.7(a) above, the Manager, any Participant and any other Person acting as a broker-dealer for the Fund shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of U.S. federal or state or non-U.S. securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves the indemnification of such expenses (including, without limitation, litigation costs), (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves the indemnification of such expenses (including, without limitation, litigation costs) or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

(c) The Fund shall not incur the cost of that portion of any insurance that insures any party against any liability, the indemnification of which is herein prohibited.

(d) Expenses incurred in defending a threatened or pending civil, administrative or criminal action suit or proceeding against the Manager shall be paid by the Fund in advance of the final disposition of such action, suit or proceeding, if (i) the legal action relates to the performance of duties or services by the Manager on behalf of the Fund; (ii) the legal action is initiated by a third party who is not a Shareholder or the legal action is initiated by a Shareholder and a court of competent jurisdiction specifically approves such advance; and (iii) the Manager undertakes to repay the advanced funds with interest to the Fund in cases in which it is not entitled to indemnification under this SECTION 5.7.

(e) The term “Manager” as used only in this SECTION 5.7 shall include, in addition to the Manager, any other Covered Person performing services on behalf of the Fund and acting within the scope of the Manager’s authority as set forth in this Agreement.

(f) In the event the Fund is made a party to any claim, dispute, demand or litigation or otherwise incurs any loss, liability, damage, cost or expense as a result of or in connection with any Shareholder’s (or assignee’s) obligations or liabilities unrelated to Fund affairs, such Shareholder (or assignees cumulatively) shall indemnify, defend, hold harmless, and reimburse the Fund for all such loss, liability, damage, cost and expense incurred, including attorneys’ and accountants’ fees.

SECTION 5.8 Expenses and Limitations Thereon.

(a) Manager’s Fee.

(i) The Fund shall pay to the Manager, in the manner set forth in SECTION 5.8(a)(ii), a fee (the “**Manager’s Fee**”), payable in Fund Components (except as provided in SECTION 5.8(a)(v)), which shall accrue daily in U.S. Dollars at an annual rate of 3.0% of the Digital Asset Holdings Fee Basis

Amount of the Fund as of 4:00 p.m., New York time; *provided* that (x) for a day that is not a Business Day or (y) during a Rebalancing Period, the calculation shall be based on the Digital Asset Holdings Fee Basis Amount from the most recent Business Day. The Manager's Fee is payable to the Manager monthly in arrears.

(ii) The amount of each Fund Component payable in respect of each daily U.S. Dollar accrual of the Manager's Fee (each, a "**Fund Component Fee Amount**") shall be determined by (x) multiplying (1) the amount of such U.S. Dollar accrual by (2) the Weighting of such Fund Component on such day (for the avoidance of doubt, determined without taking into account the Fund Component Fee Amounts for such day) and (y) dividing (1) the product so obtained by (2) the Digital Asset Reference Rate for such Fund Component as of 4:00 p.m., New York time, on such day; *provided* that for any day that is not a Business Day or during a Rebalancing Period for which the Digital Asset Holdings Fee Basis Amount is not calculated, the amount of each Fund Component payable in respect of such day's U.S. Dollar accrual of the Manager's Fee shall be determined by reference to the Fund Component Fee Amount from the most recent Business Day.

(iii) Except as provided in SECTION 5.8(a)(v), to cause the Fund to pay the Manager's Fee, the Manager shall, instructing the Security Vendors as necessary, withdraw from the relevant Digital Asset Account the number of tokens of each Fund Component equal to the Fund Component Fee Amount for such Fund Component and transfer such tokens of all Fund Components to the Manager's account at such times as the Manager determines in its absolute discretion.

(iv) After the payment of the Manager's Fee to the Manager, the Manager may elect to convert the any digital assets it receives into U.S. Dollars. The Shareholders acknowledge that the rate at which the Manager converts such digital assets into U.S. Dollars may differ from the rate at which the Manager's Fee was initially converted into Digital Assets. The Fund shall not be responsible for any fees and expenses incurred by the Manager to convert Digital Assets received in payment of the Manager's Fee into U.S. Dollars.

(v) If the Fund holds any Forked Assets or cash at any time, the Fund may pay the Manager's Fee, in whole or in part, with such Forked Assets or cash, in which case, the Fund Component Fee Amounts in respect of such payment shall be correspondingly and proportionally reduced.

(vi) The Manager may, from time to time, temporarily waive all or a portion of the Manager's Fee in its sole discretion.

(vii) As consideration for receipt of the Manager's Fee, the Manager shall assume and pay the following fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) the Security Vendors Fee, (iv) the Transfer

Agent fee, (v) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given Fiscal Year, (vi) ordinary course legal fees and expenses, (vii) audit fees, (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands, (ix) printing and mailing costs, (x) costs of maintaining the Fund's website and (xi) applicable license fees (each, a "**Manager-paid Expense**" and together, the "**Manager-paid Expenses**").

(b) Additional Fund Expenses.

(i) The Fund shall pay any expenses incurred by the Fund in addition to the Manager's Fee that are not Manager-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of Shareholders (including in connection with any Forked Assets), (iii) any indemnification of the Security Vendors or other agents, service providers or counterparties of the Fund, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given Fiscal Year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "**Additional Fund Expenses**").

(ii) Except as provided in SECTION 5.8(b)(iii), to cause the Fund to pay the Additional Fund Expenses, if any, the Manager or its delegates shall, instructing the Security Vendors as necessary, (i) withdraw from the Digital Asset Accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. Dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses.

(iii) If the Fund holds any Forked Assets or cash at any time, the Fund may pay any Additional Fund Expenses, in whole or in part, with such Forked Assets or cash, in which case, the amount of Fund Components that would otherwise have been used to satisfy such Additional Fund Expenses pursuant to Section 5.8(b)(ii) shall be correspondingly and proportionally reduced.

(c) The Manager or any Affiliate of the Manager may be reimbursed only for the actual cost to the Manager or such Affiliate of any expenses that it advances on behalf of the Fund for payment of which the Fund is responsible. In addition, payment to the Manager or such Affiliate for indirect expenses incurred in performing services for

the Fund in its capacity as the Manager (or an Affiliate of the Manager) of the Fund, such as salaries and fringe benefits of officers and directors, rent or depreciation, utilities and other administrative items generally falling within the category of the Manager's "overhead," is prohibited.

SECTION 5.9 *Business of Shareholders.* Except as otherwise specifically provided herein, any of the Shareholders and any shareholder, officer, director, employee or other Person holding a legal or beneficial interest in an entity that is a Shareholder, may engage in or possess an interest in business ventures of every nature and description, independently or with others, and the pursuit of such ventures, even if competitive with the affairs of the Fund, shall not be deemed wrongful or improper.

SECTION 5.10 *Voluntary Withdrawal of the Manager.* The Manager may withdraw voluntarily as the Manager of the Fund only upon one hundred and twenty (120) days' prior written notice to all Shareholders. If the withdrawing Manager is the last remaining Manager, the Shareholders holding Shares equal to at least a majority (over 50%) of the Shares may vote to elect and appoint, effective immediately, a successor Manager who shall carry on the affairs of the Fund. If the Manager withdraws and a successor Manager is named, the withdrawing Manager shall pay all expenses as a result of its withdrawal and shall make filings with the Registrar as are necessary to appoint the successor Manager.

SECTION 5.11 *Authorization of Memorandum.* To the maximum extent permitted by applicable law, each Shareholder (or any permitted assignee thereof) hereby agrees that the Fund and the Manager are authorized to execute, deliver and perform the agreements, acts, transactions and matters contemplated hereby or described in, or contemplated by, the Memorandum on behalf of the Fund without any further act, approval or vote of the Shareholders, notwithstanding any other provision of this Agreement, the LLC Law or any applicable law, rule or regulation.

SECTION 5.12 *Litigation.* The Manager is hereby authorized to prosecute, defend, settle or compromise actions or claims at law or in equity as may be necessary or proper to enforce or protect the Fund's interests. The Manager shall satisfy any judgment, decree or decision of any court, board or authority having jurisdiction or any settlement of any suit or claim prior to judgment or final decision thereon, first, out of any insurance proceeds available therefor, next, out of the Fund's assets and, thereafter, out of the assets (to the extent that it is permitted to do so under the various other provisions of this Agreement) of the Manager.

SECTION 5.13 *Bankruptcy; Merger of the Manager.*

(a) The Manager shall not cease to be a Manager of the Fund merely upon the occurrence of its making an assignment for the benefit of creditors, filing a voluntary petition in bankruptcy, filing a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, filing an answer or other pleading admitting or failing to contest material allegations of a petition filed against it in any proceeding of this nature or seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator for itself or of all or any substantial part of its properties.

(b) To the fullest extent permitted by law, and on sixty (60) days' prior written notice to the Shareholders of their right to vote thereon, if any such transaction is other than with an affiliated entity, nothing in this Agreement shall be deemed to prevent the merger of the Manager with another corporation or other entity, the reorganization of the Manager into or with any other corporation or other entity, the transfer of all the capital stock of the Manager or the assumption of the rights, duties and liabilities of the Manager by, in the case of a merger, reorganization or consolidation, the surviving corporation or other entity by operation of law. Without limiting the foregoing, none of the transactions referenced in the preceding sentence shall be deemed to be a voluntary withdrawal for purposes of SECTION 5.10 or an Event of Withdrawal for purposes of SECTION 10.1(a)(ii).

ARTICLE VI

THE SHAREHOLDERS

SECTION 6.1 *No Management or Control; Limited Liability; Exercise of Rights through a Participant.* The Shareholders shall not participate in the management or control of the Fund nor shall they enter into any transaction on behalf of the Fund or have the power to sign for or bind the Fund, said power being vested solely and exclusively in the Manager. Except as provided in SECTION 6.3 hereof, no Shareholder shall be bound by, or be personally liable for, the expenses, liabilities or obligations of the Fund in excess of its Percentage Interest of the Fund Property or any other amount that such Shareholder has expressly agreed to contribute to the Fund. Except as provided in SECTION 6.3 hereof, no Shareholder shall be required to make any further contribution to the Fund and no assessment shall be made against any Shareholder. No salary shall be paid to any Shareholder in its capacity as a Shareholder, nor shall any Shareholder have a drawing account or earn interest on its Percentage Interest of the Fund Property. By the purchase and acceptance or other lawful delivery and acceptance of Shares, each owner of such Shares shall be deemed to be a Shareholder and beneficiary of the Fund and vested with beneficial undivided interest in the Fund to the extent of the Shares owned beneficially by such Shareholder, subject to the terms and conditions of this Agreement.

SECTION 6.2 *Rights and Duties.* The Shareholders shall have the following rights, powers, privileges, duties and liabilities:

(a) The Shareholders shall have the right to obtain from the Manager information on all things affecting the Fund, provided that such information is for a purpose reasonably related to the Shareholder's interest as a beneficial owner of the Fund.

(b) The Shareholders shall receive the share of the distributions provided for in this Agreement in the manner and at the times provided for in this Agreement.

(c) Except for the Shareholders' transfer rights set forth in ARTICLE III and the Shareholders' redemption rights set forth in ARTICLE IV hereof (if authorized), Shareholders shall be entitled to be withdraw from the Fund only subsequent to the winding up and liquidation of the Fund and only to the extent of funds available therefor, as provided in SECTION 10.2. In no event shall a Shareholder be entitled to demand or receive property other than cash upon the winding up, liquidation and dissolution of the Fund. No Shareholder shall have priority over any other Shareholder as to distributions. The Shareholder shall not have any right to bring an action for partition against the Fund.

(d) Shareholders holding Shares representing at least a majority (over 50%) of the Shares may vote to appoint a successor Manager as provided in SECTION 5.10 or to continue the Fund as provided in SECTION 10.1(a)(ii).

Except as set forth above, the Shareholders shall have no voting or other rights with respect to the Fund.

SECTION 6.3 *Limitation of Liability.*

(a) Except as provided in SECTION 5.7(f) hereof, and as otherwise provided under Cayman law, the liability of a Shareholder to contribute to the assets of the Fund shall be limited solely to the amount that the Shareholder has expressly undertaken in writing to contribute by way of contribution to the assets of the Fund (whether in this Agreement, a Subscription Agreement or other written agreement between such Shareholder and the Fund). A Shareholder shall not have any liability for the debts, obligations and/or liabilities of the Fund except to the extent provided by the LLC Law, this Agreement or its Subscription Agreement or other written agreement between such Shareholder and the Fund. Notwithstanding the foregoing, a Shareholder that is a Participant shall be liable in the event that the Fund or any other affected Person suffers a loss arising from any misstatements or omissions contained in such Shareholder's Participant Agreement.

(b) Subject to the exceptions set forth in the immediately preceding sentence, the Fund shall not make a claim against a Shareholder with respect to amounts distributed to such Shareholder or amounts received by such Shareholder upon redemption of such Shareholder's Shares unless, under Cayman law, such Shareholder is liable to repay such amount.

SECTION 6.4 *Derivative Actions.* Subject to any other requirements of applicable law, no Shareholder shall have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more Shareholders who (i) are not Affiliates of one another and (ii) collectively hold at least 10% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding.

ARTICLE VII

BOOKS OF ACCOUNT AND REPORTS

SECTION 7.1 *Books of Account.*

(a) Proper books of account for the Fund shall be kept and shall be audited annually by an independent certified public accounting firm selected by the Manager in its sole discretion, and there shall be entered therein all transactions, matters and things relating to the Fund as are required by the applicable law and regulations. The books of account shall be kept at the principal office of the Fund and each Shareholder (or any duly constituted designee of a Shareholder) shall have, at all times during normal business hours, free access to, and the right to inspect and copy, the same for any purpose reasonably related to the Shareholder's interest as a beneficial owner of the Fund. Such books of account shall be kept, and the Fund shall report its profits and losses on, the accrual method of accounting for financial accounting purposes on a Fiscal Year basis as described in ARTICLE VIII.

(b) The Fund shall keep or cause to be kept a register of members of the Fund (the "**Register**") in accordance with section 61 of the LLC Law in which the Fund may record such particulars relating to each Shareholder (and each previous Shareholder) as it may deem appropriate, provided that the Register shall:

- (i) contain the name and address of each person who is a Member, the date upon which such person became a Member and (if applicable) the date upon which such person ceased to be a Member (the "**Specified Particulars**"); and
- (ii) be updated within twenty-one days of the date of any change of the Specified Particulars,

and provided further that where the Register is kept at a place other than the registered office of the Fund, the Fund shall maintain or cause to be maintained at the registered office of the Fund a record of the address at which the Register is maintained.

(c) The Fund shall also keep or cause to be kept a record of the amount and date of the contribution or contributions of each Shareholder and the amount and date of any repayment representing a distribution or, otherwise, a return of the whole or any part of the contribution of any Shareholder (the "**Contribution Records**") in accordance with section 63(3) of the LLC Law.

(d) The Register and the Contribution Records shall be open to inspection only with the consent of the Manager.

(e) The Fund shall also maintain or cause to be maintained at its registered office a register of mortgages and charges and a register of security interests, in each case in accordance with the requirements of the LLC Law.

(f) To the fullest extent permitted by law, the Shareholders waive any and all right to account that they may have under the LLC Law and/or such other access to the Fund's books and records except as expressly provided for in this Agreement.

SECTION 7.2 *Annual Reports.*

(a) If the Shares are not then listed, quoted or traded on any Secondary Market or registered under the Securities Act or the Exchange Act, the Manager shall furnish each Shareholder with an annual report of the Fund within one hundred and eighty (180) calendar days after the Fund's fiscal year (or as soon as reasonably practicable thereafter) including, but not limited to, annual audited financial statements (including a statement of income and statement of financial condition), prepared in accordance with GAAP and accompanied by a report of the independent registered public accounting firm that audited such statements.

(b) If the Shares are then listed, quoted or traded on a Secondary Market or registered under the Securities Act or the Exchange Act, the Manager shall prepare and publish the Fund's Annual Reports and Quarterly Reports as required by the rules and regulations of such Secondary Market or the SEC, as applicable.

SECTION 7.3 *Certain Tax Matters.*

(a) The Shareholders intend that, from the date of its formation, the Fund shall be treated as a corporation for U.S. federal, and to the extent allowable, state, local and non-U.S. income tax purposes, and that each Shareholder and the Fund shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment. The Shareholders hereby agree and acknowledge that (i) they shall cooperate to file any forms or documents (including IRS Form 8832) reasonably necessary or required in support of the treatment of the Fund as a corporation for such purposes and (ii) without the prior written consent of the Manager, neither the Fund nor any Shareholder shall make any election or take any other action which would be inconsistent with such treatment.

(b) The Fund shall make available to each Shareholder a PFIC Annual Information Statement for each taxable year of the Fund in the manner contemplated by applicable U.S. Treasury regulations. All information contained therein shall be prepared, and all of the Fund's tax returns shall be filed, in a manner consistent with the treatment of the Fund as a foreign corporation for U.S. federal income tax purposes. The Fund's taxable year shall be the calendar year unless otherwise required by applicable law.

(c) The Fund is authorized to withhold from payments and distributions to the Shareholders, and to pay over to any federal, state and local government or and foreign government, any amounts required to be so withheld pursuant to the U.S. Internal Revenue Code of 1986 (as amended) or any provisions of any other federal, state or local law or any non-U.S. law, and any amount so withheld

and remitted to the applicable taxing authority shall be treated for all purposes under this Agreement as having been distributed to the Shareholder with respect to which such amount was withheld. The Fund shall not be liable for any overwithholding in respect of any Shareholder's Shares, and, in the event of any such over-withholding, a Shareholder's sole recourse shall be to apply for a refund from the appropriate governmental authority.

SECTION 7.4 Calculation of Digital Asset Holdings. The Manager or its delegate shall calculate and publish the Fund's Digital Asset Holdings as of 4:00 p.m., New York time, on each Business Day (other than during a Rebalancing Period) or as soon as practicable thereafter. The Digital Asset Holdings of the Fund shall not be calculated during any Rebalancing Period.

In order to calculate the Digital Asset Holdings, the Manager shall:

1. For each Fund Component:
 - a. Determine the Digital Asset Reference Rate for the Fund Component as of such Business Day;
 - b. Multiply the Digital Asset Reference Rate by the aggregate number of tokens of the Fund Component held by the Fund as of 4:00 p.m., New York time, on the immediately preceding day.
 - c. Add the U.S. Dollar value of the number of tokens of the Fund Component receivable under pending Creation Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Digital Asset Reference Rate, and multiplying the result by the number of Baskets pending under such pending Creation Orders; and
 - d. Subtract the U.S. Dollar value of the number of tokens of the Fund Component to be distributed under pending Redemption Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Digital Asset Reference Rate, and multiplying the result by the number of Baskets pending under such pending Redemption Orders;
2. Calculate the sum of the resulting U.S. Dollar values for Fund Components pursuant to paragraph 1 above;
3. Add the aggregate U.S. Dollar value of each Forked Assets then held by the Fund (calculated by reference to a reputable Digital Asset Exchange as determined by the Manager or, if possible, a Digital Asset Reference Rate);
4. Add (i) the amount of U.S. Dollars then held by the Fund and (ii) the amount of any U.S. Dollars receivable under pending Creation Orders;

5. Subtract the amount of any U.S. Dollars to be distributed under pending redemption orders;
6. Subtract the U.S. Dollar amount of accrued and unpaid Additional Fund Expenses, if any.
7. Subtract the U.S. Dollar value of the accrued and unpaid Manager's Fee as of 4:00 p.m., New York time, on the immediately preceding Business Day (the amount derived from steps 1 through 6, the "**Digital Asset Holdings Fee Basis Amount**");
8. Subtract the U.S. Dollar value of the accrued and unpaid Manager's Fee that accrues for such Business Day, as calculated based on the Digital Asset Holdings Fee Basis Amount for such Business Day; and

Notwithstanding the foregoing, in the event that the Manager determines that the methodology used to determine the Digital Asset Reference Rates is not an appropriate basis for valuation of the Fund's Digital Assets, the Manager shall use an alternative methodology as set forth in the Memorandum.

SECTION 7.5 *Maintenance of Records.* The Manager shall maintain for a period of at least six Fiscal Years (a) all books of account required by SECTION 7.1 hereof; (b) a copy of all prescribed filings made with the Registrar, including the Registration Statement and all certificates of amendment thereto; (c) executed copies of any powers of attorney pursuant to which any certificate has been executed; (d) copies of the Fund's U.S. federal, state and local income tax returns and reports, if any; (e) copies of any effective written Agreements, Participant Agreements, including any amendments thereto; and (f) any financial statements of the Fund. The Manager may keep and maintain the books and records of the Fund in paper, magnetic, electronic or other format as the Manager may determine in its sole discretion, *provided* that the Manager shall use reasonable care to prevent the loss or destruction of such records. If there is a conflict between this SECTION 7.5 and the rules and regulations of any Secondary Market on which the Shares are listed, quoted or traded or, if applicable, the SEC with respect to the maintenance of records, the records shall be maintained pursuant to the rules and regulations of such Secondary Market or the SEC.

ARTICLE VIII

FISCAL YEAR

SECTION 8.1 *Fiscal Year* The fiscal year of the Fund for financial accounting purposes (the "**Fiscal Year**") shall begin on the 1st day of July and end on the 30th day of June of each year. The first Fiscal Year of the Fund commenced on the 25th day of January, 2018 and shall end on the 30th day of June 2018. The Fiscal Year in which the Fund shall terminate shall end on the date of such termination.

ARTICLE IX

AMENDMENT OF AGREEMENT; MEETINGS

SECTION 9.1 *Amendments to the Agreement.*

(a) *Amendment Generally.*

(i) Except as otherwise specifically provided in this SECTION 9.1, the Manager, in its sole discretion and without Shareholder consent, may amend or otherwise supplement this Agreement by making an amendment, an agreement supplemental hereto, or an amended and restated limited liability company agreement. Any such restatement, amendment and/or supplement hereto shall be effective on such date as designated by the Manager in its sole discretion.

(ii) Any amendments to this Agreement which materially adversely affects the interests of the Shareholders shall occur only upon the vote of Shareholders holding Shares equal to at least a majority (over 50%) of the Shares (not including Shares held by the Manager and its Affiliates). For all purposes of this SECTION 9.1, a Shareholder shall be deemed to consent to a modification or amendment of this Agreement if the Manager has notified such

Shareholder in writing of the proposed modification or amendment and the Shareholder has not, within twenty (20) calendar days of such notice, notified the Manager in writing that the Shareholder objects to such modification or amendment. Notwithstanding anything to the contrary herein, notice pursuant to this SECTION 9.1 may be given by the Manager to the Shareholder by email or other electronic transmission and shall be deemed given upon receipt without requirement of confirmation.

(b) Upon amendment of this Agreement, the Manager shall make such filings as necessary or desirable (if any) with the Registrar to reflect such change.

(c) To the fullest extent permitted by law, no provision of this Agreement may be amended, waived or otherwise modified orally but only by a written instrument adopted in accordance with this SECTION 9.1.

(d) Upon obtaining such approvals required by this Agreement and without further action or execution by any other Person, including any Shareholder, (i) any amendment to this Agreement may be implemented and reflected in a writing executed solely by the Manager and (ii) the Shareholders shall be deemed a party to and bound by such amendment of this Agreement.

SECTION 9.2 *Meetings of the Fund.* Meetings of the Shareholders may be, but need not be, called by the Manager in its sole discretion. The Manager shall furnish written notice to all Shareholders thereof of the meeting and the purpose of the meeting, which shall be held on a date not less than ten (10) nor more than sixty (60) days after the date of mailing of said notice at a reasonable time and place. Any notice of meeting shall be accompanied by a description of the action to be taken at the meeting. Shareholders may vote in person or by proxy at any such meeting.

SECTION 9.3 *Action Without a Meeting.* Any action required or permitted to be taken by Shareholders by vote may be taken without a meeting by written consent setting forth the actions so taken. Such written consents shall be treated for all purposes as votes at a meeting. If the vote or consent of any Shareholder to any action of the Fund or any Shareholder, as contemplated by this Agreement, is solicited by the Manager, the solicitation shall be effected by notice to each Shareholder given in the manner provided in SECTION 11.6. The vote or consent of each Shareholder so solicited shall be deemed conclusively to have been cast or granted as requested in the notice of solicitation, whether or not the notice of solicitation is actually received by that Shareholder, unless the Shareholder expresses written objection to the vote or consent by notice given in the manner provided in SECTION 11.6 and actually received by the Fund within twenty (20) days after the notice of solicitation is sent. The Covered Persons dealing with the Fund shall be entitled to act in reliance on any vote or consent that is deemed cast or granted pursuant to this SECTION 9.3 and shall be fully indemnified by the Fund in so doing. Any action taken or omitted in reliance on any such deemed vote or consent of one or more Shareholders shall not be void or voidable by reason of any communication made by or on behalf of all or any of such Shareholders in any manner other than as expressly provided in SECTION 11.6.

ARTICLE X

TERMINATION

SECTION 10.1 *Events Requiring Dissolution of the Fund.*

- (a) The Fund shall be wound up, liquidated and dissolved at any time upon the happening of any of the following events:
 - (i) a Cayman Islands or U.S. federal or state regulator requires the Fund to shut down or forces the Fund to liquidate its Digital Assets or seizes, impounds or otherwise restricts access to the Fund Property; or
 - (ii) a certificate of dissolution or revocation of the Manager's charter is filed (and ninety (90) days have passed after the date of notice to the Manager of revocation without a reinstatement of the Manager's charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Manager (each of the foregoing events an "**Event of Withdrawal**") has occurred unless (i) at the time there is at least one remaining Manager or (ii) within ninety (90) days of notice of such Event of Withdrawal Shareholders

holding at least a majority (over 50%) of the Shares agree in writing to resume and continue the affairs of the Fund and to select, effective immediately, one or more successor Managers.

(b) The Manager may, in its sole discretion, wind up, liquidate and dissolve the Fund if any of the following events occur:

(i) the SEC determines that the Fund is an investment company required to be registered under the Investment Company Act of 1940;

(ii) the CFTC determines that the Fund is a commodity pool under the Commodity Exchange Act;

(iii) the Fund is determined to be a “money service business” under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act and is required to comply with certain FinCEN regulations thereunder;

(iv) the Fund is required to obtain a license or make a registration under any U.S. state law regulating money transmitters, money services businesses, providers of prepaid or stored value or similar entities, or virtual currency businesses;

(v) the Fund becomes insolvent or bankrupt;

(vi) a Security Vendor resigns or is removed without replacement;

(vii) all of the Fund’s Digital Assets are sold;

(viii) the Manager determines that the size of the Fund Property in relation to the expenses of the Fund makes it unreasonable or imprudent to continue the affairs of the Fund; or

(ix) the Manager determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Fund.

(c) Section 36(1)(d) of the LLC Law shall not apply to this Agreement. No Shareholder may present a winding up petition in respect of the Fund.

(d) The death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any Shareholder (as long as such Shareholder is not the sole Shareholder of the Fund) shall not result in the termination of the Fund, and such Shareholder, his or her estate, custodian or personal representative shall have no right to a redemption of such Shareholder’s Shares. Each Shareholder (and any assignee thereof) expressly agrees that in the event of his or her death, he or she waives on behalf of himself or herself and his or her estate, and he or she directs the legal representative of his or her estate and any person interested therein to waive the furnishing of any inventory,

accounting or appraisal of the Fund Property and any right to an audit or examination of the books of account for the Fund, except for such rights as are set forth in ARTICLE VII hereof relating to the books of account and reports of the Fund.

SECTION 10.2 *Distributions on Dissolution.* Upon the commencement of the winding up of the Fund, the Manager (or in the event there is no Manager, such person (the “**Liquidator**”) as the majority in interest of the Shareholders may propose and approve) shall wind up and liquidate the Fund’s assets on a voluntary basis. Any Liquidator so appointed shall have and may exercise, without further authorization or approval of any of the parties hereto, all of the powers conferred upon the Manager under the terms of this Agreement, subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, and provided that the Liquidator shall not have general liability for the acts, omissions, obligations and expenses of the Fund. Thereafter, the affairs of the Fund shall be wound up and all assets owned by the Fund shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order of priority: (a) to the expenses of liquidation and termination and to creditors, including Shareholders who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Fund (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for distributions to Shareholders, and (b) to the Shareholders *pro rata* in accordance with their respective Percentage Interests of the Fund Property.

SECTION 10.3 *Dissolution.* Following the liquidation and distribution of the assets of the Fund, the Manager shall execute and file such documents as necessary in accordance with the LLC Law to dissolve the Fund.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 *Governing Law.* This Agreement and any dispute, claim, suit, action or proceeding of whatever nature arising out of or in any way related to this Agreement (including any non-contractual disputes or claims) shall be governed by, and shall be construed in accordance with, the laws of the Cayman Islands.

SECTION 11.2 *Provisions in Conflict with Law or Regulations.*

(a) The provisions of this Agreement are severable, and if the Manager shall determine, with the advice of counsel, that any one or more of such provisions (the “**Conflicting Provisions**”) are in conflict with the LLC Law, the Securities Act, if applicable, or other applicable Cayman Islands or U.S. federal or state laws or the rules and regulations of any Secondary Market, the Conflicting Provisions shall be deemed never to have constituted a part of this Agreement, even without any amendment of this Agreement pursuant to this Agreement; *provided, however*, that such determination by the Manager shall not affect or impair any of the remaining provisions of this Agreement or render invalid or improper any action taken or omitted prior to such determination. No Manager shall be liable for making or failing to make such a determination.

(b) If any provision of this Agreement shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Agreement in any jurisdiction.

SECTION 11.3 *Counsel to the Fund.* Counsel to the Fund may also be counsel to the Manager and its Affiliates. The Manager may execute on behalf of the Fund and the Shareholders any consent to the representation of the Fund that counsel may request pursuant to the New York Rules of Professional Conduct or similar rules in any other jurisdiction (the “**Rules**”). The Shareholders acknowledge that the Fund has selected Davis Polk & Wardwell LLP as U.S. legal counsel to the Fund and Maples and Calder as Cayman Islands legal counsel to the Fund (each, a “**Fund Counsel**”). Neither Fund Counsel shall represent any Shareholder in the absence of a clear and explicit agreement to such effect between the Shareholder and the relevant Fund Counsel (and that only to the extent specifically set forth in that agreement), and in the absence of any such agreement neither Fund Counsel shall owe duties directly to a Shareholder. Each Shareholder agrees that, in the event any dispute or controversy arises between any Shareholder and the Fund, or between any Shareholder or the Fund, on the one hand, and the Manager (or an Affiliate thereof that either Fund Counsel represents), on the other hand, that either Fund Counsel may represent either the Fund or the Manager (or its Affiliate), or both, in any such dispute or controversy to the extent permitted by the Rules, and each Shareholder hereby consents to such representation. Each Shareholder further acknowledges that, regardless of whether either Fund Counsel has in the past represented any Shareholder with respect to other matters, neither Fund Counsel has represented the interests of any Shareholder in the preparation and negotiation of this Agreement.

SECTION 11.4 *Merger and Consolidation.* The Manager may cause (i) the Fund to be merged into or consolidated with, converted to or to sell all or substantially all of its assets to, another entity; (ii) the Shares of the Fund to be converted into equity interests in another company or legal entity; (iii) the Shares of the Fund to be exchanged for shares in another company or legal entity under or pursuant to any U.S. state or federal statute to the extent permitted by law. For the avoidance of doubt, the Manager, with written notice to the Shareholders, may approve and effect any of the transactions contemplated under (i), (ii) and (iii) above without any vote or other action of the Shareholders, or (iv) the Fund to be registered by way of continuation as a foreign entity (with separate legal personality) under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

SECTION 11.5 *Construction.* In this Agreement, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Agreement.

SECTION 11.6 *Notices.* All notices or communications under this Agreement (other than notices of pledge or encumbrance of Shares, and reports and notices by the Manager to the Shareholders) shall be in writing and shall be effective upon personal delivery, or if sent by mail, postage prepaid, or if sent electronically, by email, or by overnight courier; and addressed, in each such case, to the address set forth in the books and records of the Fund or such other address as may be specified in writing, of the party to whom such notice is to be given, upon the deposit of such notice in the

United States mail, upon transmission and electronic confirmation thereof or upon deposit with a representative of an overnight courier, as the case may be. Notices of pledge or encumbrance of Shares shall be effective upon timely receipt by the Manager in writing. Any reports or notices by the Manager to the Shareholders which are given electronically shall be effective upon receipt without requirement of confirmation. Sections 8 and 19 of the Electronic Transactions Law (2003 Revision) of the Cayman Islands shall not apply to this Agreement or any notice hereunder.

All notices shall be sent to:

if to the Fund, at

Grayscale Digital Large Cap Fund LLC
636 Avenue of the Americas, 3rd Floor
New York, New York 10011
Attention: Grayscale Investments, LLC

if to the Manager, at

Grayscale Investments, LLC
636 Avenue of the Americas, 3rd Floor
New York, New York 10011
Attention: Michael Sonnenshein

SECTION 11.7 *Confidentiality.*

(a) All communications between the Manager, on the one hand, and any Shareholder, on the other, shall be presumed to include confidential, proprietary, trade secret and other sensitive information. Unless otherwise agreed to in writing by the Manager, each Shareholder shall maintain the confidentiality of information that is non-public information furnished by the Manager regarding the Manager and the Fund received by such Shareholder pursuant to this Agreement in accordance with such procedures as it applies generally to information of this kind (including procedures relating to information sharing with Affiliates), except (i) as otherwise required by governmental regulatory agencies (including tax authorities in connection with an audit or other similar examination of such Shareholder), self-regulating bodies, law, legal process, or litigation in which such Shareholder is a defendant, plaintiff or other named party or (ii) to directors, employees, representatives and advisors of such Shareholder and its Affiliates who need to know the information and who are informed of the confidential nature of the information and agree to keep it confidential. Without limiting the foregoing, each Shareholder acknowledges that notices and reports to Shareholders hereunder may contain material non-public information and agrees not to use such information other than in connection with monitoring its investment in the Fund and agrees not to trade in securities on the basis of any such information.

(b) In the event that the Manager determines in good faith that (i) a Shareholder has violated or is reasonably likely to violate the provisions of this SECTION 11.7 or (ii) a Shareholder that is subject to FOIA, any state public records

access law or any other law or statutory or regulatory requirement that is similar to FOIA in intent or effect (each, a “**Public Access Law**”) is reasonably likely to be subject to a disclosure request pursuant to a Public Access Law that would result in the disclosure by such Shareholder of confidential information regarding the Fund, the Manager may (x) provide to such Shareholder access to such information only on the Fund’s website in password protected, non-downloadable, non-printable format and (y) require such Shareholder to return any copies of information provided to it by the Manager or the Fund.

(c) If any Public Access Law would potentially cause a Shareholder or any of its Affiliates to disclose information relating to the Fund, its Affiliates and/or any investment of the Fund, then in addition to compliance with the notice requirements set forth in SECTION 11.7(a) above, such Shareholder shall take commercially reasonable steps to oppose and prevent the requested disclosure unless (i) such Shareholder is advised by counsel that there exists no reasonable basis on which to oppose such disclosure or (ii) the Manager does not object in writing to such disclosure within ten (10) days (or such lesser time period as stipulated by the applicable law) of such notice. Each Shareholder acknowledges and agrees that in such event, notwithstanding any other provision of this Agreement, the Manager may, in order to prevent any such potential disclosure that the Manager determines in good faith is likely to occur, withhold all or any part of the information otherwise to be provided to such Shareholder; *provided*, that the Manager shall not withhold any such information if a Shareholder confirms in writing to the Manager that compliance with the procedures provided for in SECTION 11.7(b) above is legally sufficient to prevent such potential disclosure.

(d) A Shareholder may, by giving written notice to the Manager, elect not to receive copies of any document, report or other information that such Shareholder would otherwise be entitled to receive pursuant to this Agreement and is not required by applicable law to be delivered. The Manager agrees that it shall make any such documents available to such Shareholder at the Manager’s offices.

(e) Notwithstanding anything in this Agreement to the contrary, each Shareholder and each Shareholder’s employees, representatives or other agents are authorized to disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the Fund and any transaction entered into by the Fund and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment or tax structure that are provided to such Shareholder, except for any information identifying the Manager, the Fund or their respective advisors, affiliates, officers, directors, members, employees and principals or (except to the extent relevant to such tax structure or tax treatment) any nonpublic commercial or financial information.

(f) Any obligation of a Shareholder pursuant to this SECTION 11.7 may be waived by the Manager in its sole discretion.

(g) Each Shareholder acknowledges and agrees that (i) the restrictions contained in this SECTION 11.7 are necessary for the protection of the affairs and goodwill of the Manager, the Fund and their Affiliates and each Shareholder considers

such restrictions to be reasonable for such purpose, (ii) the misappropriation or unauthorized disclosure of confidential information is likely to cause substantial and irreparable damage to the Manager, the Fund and their Affiliates and (iii) damages may not be an adequate remedy for breach of this SECTION 11.7. Accordingly, the Manager, the Fund and their Affiliates shall be entitled to injunctive and other equitable relief, in addition to all other remedies available to them at law or at equity, and no proof of special damages shall be necessary for the enforcement of this SECTION 11.7.

SECTION 11.8 *Counterparts; Electronic Signatures.* This Agreement may be executed in one or more counterparts (including those by facsimile or other electronic means), all of which shall constitute one and the same instrument binding on all of the parties hereto, notwithstanding that all parties are not signatory to the original or the same counterpart. This Agreement, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

SECTION 11.9 *Binding Nature of Agreement.* The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, custodians, executors, estates, administrators, personal representatives, successors and permitted assigns of the respective Shareholders. For purposes of determining the rights of any Shareholder or assignee hereunder, the Fund and the Manager may rely upon the Fund records as to who are Shareholders and permitted assignees, and all Shareholders and assignees agree that the Fund and the Manager, in determining such rights, shall rely on such records and that Shareholders and their assignees shall be bound by such determination.

SECTION 11.10 *Integration.* This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto; *provided, however*, that the Fund may enter into side agreements with Shareholders from time to time and any such side agreement shall modify the terms of this Agreement only with respect to the Shareholder or Shareholders party thereto.

SECTION 11.11 *Goodwill; Use of Name.* No value shall be placed on the name or goodwill of the Fund, which shall belong exclusively to Grayscale Investments, LLC.

SECTION 11.12 *Compliance with Applicable Law.* Each Shareholder agrees, upon reasonable request by the Manager, to cooperate with the Manager in complying with the applicable provisions of any material applicable law. Notwithstanding any other provision of this Agreement to the contrary, the Manager, in its own name and on behalf of the Fund, shall be authorized without the consent of any Person, including any Shareholder, to take such action as in its sole discretion it deems necessary or advisable to comply with any anti-money laundering or anti-terrorist laws, rules, regulations, directives or special measures, including the actions contemplated by the Participant Agreements.

SECTION 11.13 *Further Assurances.*

Each party hereto shall cooperate and take such action as may be reasonably requested by another party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated by this Agreement.

SECTION 11.14 *Power of Attorney.*

Each Shareholder, as principal, hereby appoints the Manager as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, acknowledge, swear to and/or file (i) any amendments to this Agreement that are adopted or otherwise made in accordance with the terms of this Agreement, (ii) any and all instruments, certificates and other documents that may be deemed necessary or desirable to effect the winding-up and termination of the Fund, and (iii) all certificates or other instruments necessary or desirable to accomplish the business, purposes and objectives of the Fund or required by any applicable law. The power of attorney granted hereby is intended to secure a proprietary interest of the donee and/or performance of the obligations of each relevant Shareholder owed to the donee under this Agreement and, to the extent applicable, such Shareholder's Subscription Agreement. The power of attorney granted hereby shall be irrevocable, and shall survive and shall not be affected by the subsequent death, disability, incompetency, termination, bankruptcy, insolvency or dissolution of the Shareholder or any transfer or assignment of all or any portion of the Shareholder's interest in the Fund, each to the fullest extent permitted by law.

SECTION 11.15 *Third Party.*

A person who is not a party to this Agreement may not, in its own right or otherwise, enforce any term of this Agreement, except that each Covered Person may in their own right enforce any term of this Agreement, subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Law, 2014, as amended, modified, re-enacted or replaced. Notwithstanding any other term of this Agreement, the consent of, or notice to, any person who is not a party to this Agreement (including without limitation any Covered Person) is not required for any amendment to, or variation, release, rescission or termination of this Agreement

SECTION 11.16 *AEOI.*

Each Shareholder acknowledges and agrees that:

- (a) the Fund is required to comply with the provisions of AEOI;
- (b) such Shareholder will provide, in a timely manner, such information regarding the Shareholder and its beneficial owners and such forms or documentation as may be requested from time to time by the Fund (whether by the Manager or other agents of the Fund) to enable the Fund to comply with the requirements and obligations imposed on it pursuant to AEOI, including, but not limited to, forms and documentation that the Fund may require to determine whether or not the Shareholder's relevant investment is a "Reportable Account" (under any AEOI regime) and to comply with the relevant due diligence procedures in making such determination;
- (c) any such forms or documentation requested by the Fund or its agents pursuant to paragraph (b), or any financial or account information with respect to the Shareholder's investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other Cayman Islands governmental body which collects

information in accordance with AEIOI) and to any withholding agent where the provision of that information is required by such agent to avoid the application of any withholding tax on any payments to the Fund;

(d) such Shareholder waives, and/or shall cooperate with the Fund to obtain a waiver of, the provisions of any law that:

(i) prohibit the disclosure by the Fund, or by any of its agents, of the information or documentation requested from the Shareholder pursuant to paragraph (b);

(ii) prohibit the reporting of financial or account information by the Fund or its agents required pursuant to AEIOI; or

(iii) otherwise prevent compliance by the Fund with its obligations under AEIOI;

(e) if such Shareholder provides information and documentation that is in any way misleading, or it fails to provide the Fund or its agents with the requested information and documentation necessary in either case to satisfy the Fund's obligations under AEIOI, the Manager reserves the right, in its sole discretion, to take any action (whether or not such action or inaction leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax or other costs, debts, expenses, obligations or liabilities (whether external, or internal, to the Fund) (together, "**costs**") under AEIOI) and/or pursue all remedies at its disposal including, without limitation:

(i) to compulsorily withdraw such Shareholder from the Fund; and/or

(ii) to hold back or deduct from any withdrawal proceeds or from any other payments or distributions due to such Shareholder any costs caused (directly or indirectly) by the Shareholder's action or inaction;

(f) it shall have no claim against the Fund, the Manager or any of its or their agents, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with AEIOI; and

(g) it hereby indemnifies the Fund, the Manager and each of their respective principals, shareholders, partners, managers, officers, directors, stockholders, employees and agents and holds them harmless from and against any AEIOI-related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses), penalties or taxes whatsoever that such parties may incur as a result of any action or inaction (directly or indirectly) of such Shareholder (or any related person) described in the preceding paragraphs. This indemnification shall survive the disposition of such Shareholder's Shares.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Second Amended and Restated Limited Liability Company Agreement as a deed on the day and year first above written.

GRAYSCALE INVESTMENTS, LLC,
as Manager

By: /s/ Michael Sonnenshein

Name: Michael Sonnenshein

Title: Managing Director

SHAREHOLDERS

On behalf of Shareholders listed on the Register of Members on the date hereof as members of the Fund pursuant to powers of attorney pursuant to a subscription agreement or otherwise.

GRAYSCALE INVESTMENTS, LLC,
as attorney

By: /s/ Michael Sonnenshein

Name: Michael Sonnenshein

Title: Managing Director

[Signature Page]

EXHIBIT A

FORM OF PARTICIPANT AGREEMENT

B-1

Grayscale Digital Large Cap Fund LLC
 PO Box 309, Ugland House
 Grand Cayman, KY1-1104
 Cayman Islands

**Amendment No. 1 to the
 Second Amended and Restated Limited Liability Company Agreement of
 Grayscale Digital Large Cap Fund LLC**

This Amendment No. 1 (the “**Amendment**”) to the Second Amended and Restated Limited Liability Company Agreement dated March 7, 2018 (the “**LLC Agreement**”) of Grayscale Digital Large Cap Fund LLC (the “**Fund**”) is made on January 1, 2021 by Grayscale Investments, LLC as the sole manager of the Fund (the “**Manager**”). All capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the LLC Agreement.

Recitals

- A. The LLC Agreement, pursuant to Section 9.1(a), may be amended by the Manager in its sole discretion without the consent of Shareholders in order to effect a change that does not materially adversely affect the interests of Shareholders; and
- B. The Manager wishes to amend the LLC Agreement to effect the amendments set out in this Amendment, being a reduction in the Manager’s Fee.

Operative Provisions

- 1. Amendment: The Manager hereby amends Section 5.8(a)(i) of the LLC Agreement as follows (with ~~strike through~~ representing deletions and double underling representing additions):
 - (i) The Fund shall pay to the Manager, in the manner set forth in SECTION 5.8(a)(ii), a fee (the “**Manager’s Fee**”), payable in Fund Components (except as provided in SECTION 5.8(a)(v)), which shall accrue daily in U.S. Dollars at an annual rate of 3.0%~~2.5%~~ of the Digital Asset Holdings Fee Basis Amount of the Fund as of 4:00pm, New York time; *provided* that (x) for a day that is not a Business Day or (y) during a Rebalancing Period, the calculation shall be based on the Digital Asset Holdings Fee Basis Amount from the most recent Business Day. The Manager’s Fee is payable to the Manager monthly in arrears.
- 2. Binding Effect: This Amendment, memorializing an amendment duly adopted pursuant to the terms of the LLC Agreement and executed by the Manager in accordance with the provisions of Section 9.1 shall be binding on the Company, the Manager and all members with immediate effect.
- 3. Confirmation of LLC Agreement: Except as otherwise expressly provided in this Amendment, all of the terms of the LLC Agreement shall remain unchanged and continue in full force and effect.
- 4. Governing Law: This Amendment shall be governed by, and construed in accordance with, the laws of the Cayman Islands.

IN WITNESS WHEREOF, the undersigned has executed this Amendment as a deed on the date first set forth above

Grayscale Investments, LLC

as Manager

By:

/s/ Michael Sonnenshein

Name: Michael Sonnenshein

Title: CEO

EXECUTION VERSION

GRAYSCALE DIGITAL LARGE CAP FUND LLC PARTICIPANT AGREEMENT

This Amended and Restated Participant Agreement (this “**Agreement**”), dated as of June 11, 2018, is entered into by and among Genesis Global Trading, Inc. (the “**Authorized Participant**”), and Grayscale Investments, LLC, a Delaware limited liability company, as manager (the “**Manager**”) of Grayscale Digital Large Cap Fund LLC, a Cayman Islands limited liability company (the “**Fund**”) and amends, restates and modifies in its entirety that certain Participant Agreement entered into by the parties on January 31, 2018.

SUMMARY

As provided in the Limited Liability Company Agreement dated as of January 31, 2018, as amended from time to time (the “**LLC Agreement**”), as currently in effect and described in the Confidential Private Placement Memorandum of the Fund (the “**Memorandum**”), equal, fractional, undivided interests in the Fund (the “**Shares**”) may be created or, if authorized by the Manager, redeemed by the Fund, in aggregations of 100 Shares (each aggregation, a “**Basket**”), and integral multiples thereof, and only in transactions with a party who, at the time of the transaction, shall have signed and entered into an effective Participant Agreement with the Fund. Baskets are offered only pursuant to the Memorandum as the same may be amended from time to time thereafter or any successor Memorandum in respect of Shares of the Fund. Under the LLC Agreement, the Manager is authorized to issue Baskets, or delegate authority to issue Baskets, to, and, if redemptions are authorized by the Manager, accept redemptions of Baskets from, Authorized Participants. The Authorized Participant may purchase Baskets for its own account or as agent for investors who have entered into a subscription agreement (the “**Subscription Agreement**”) with the Authorized Participant (each such investor, an “**Investor**”), but it does not have any obligation or responsibility to the Manager or the Fund to affect any sale or resale of Shares. This Agreement sets forth the specific procedures by which an Authorized Participant may create or redeem Baskets.

Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the LLC Agreement. To the extent there is a conflict between any provision of this Agreement and the provisions of the LLC Agreement, the provisions of the LLC Agreement shall control, and to the extent there is a conflict between any provision of this Agreement and the provisions of the Memorandum, the Memorandum shall control; *provided, however*, that if there is a conflict between the Procedures (defined below) and any provision of the LLC Agreement or the Memorandum, the Procedures shall control. For the avoidance of doubt, any action which is referred to herein as an action being taken by the Manager may be taken by a party whom the Manager has duly authorized to take such action. Additionally, any amendments to the Procedures will not require any amendments to the LLC Agreement.

To give effect to the foregoing premises and in consideration of the mutual covenants and agreements set forth below, the parties hereto agree as follows:

Section 1. Order Placement. To place orders to create or, if authorized by the Manager, redeem, one or more Baskets, the Authorized Participant must follow the procedures for creation and redemption referred to in Section 3 of this Agreement and the procedures described in Annex A hereto (the “**Procedures**”), as each may be amended, modified or supplemented from time to time.

Section 2. Representations, Warranties and Covenants of Authorized Participant. The Authorized Participant represents and warrants and covenants the following:

(a) The Authorized Participant is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (“1934 Act”), and is a member in good standing of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Authorized Participant will maintain any such registrations, qualifications and membership in good standing, or, if applicable, exempt status, in full force and effect throughout the term of this Agreement. The Authorized Participant will comply with all applicable United States federal laws, the laws of the states or other jurisdictions concerned, and the rules and regulations promulgated thereunder, and with the Constitution, By-Laws and Conduct Rules of FINRA and shall not offer or sell Shares in any state or jurisdiction where they may not lawfully be offered and/or sold.

(b) The Authorized Participant shall act in a manner consistent with the instructions of the Fund and materially comply with all applicable laws, including, without limitation, securities laws of each jurisdiction in which the Authorized Participant proposes to carry on the business contemplated by this Agreement. Without limitation on the foregoing, the Authorized Participant shall not knowingly take any action or omit to take any action that would cause the Authorized Participant, the Fund or the Manager to be in violation of, or to lose any applicable exemption from registration under the Securities Act, the 1934 Act and the rules and regulations promulgated thereunder, the Investment Company Act or the Investment Advisers Act of 1940 (the “**Advisers Act**”), as amended, and the rules and regulations promulgated thereunder. The Authorized Participant represents and warrants that it has sufficient familiarity with the Securities Act, the 1934 Act, the Investment Company Act, and the Advisers Act to carry out its duties under this Agreement in compliance with the preceding sentence. The Authorized Participant’s responsibility to the Fund is solely contractual in nature, the Authorized Participant has been retained solely to act as a placement agent and no fiduciary, advisory or agency relationship between the Fund and the Authorized Participant has been created.

(c) The Authorized Participant hereby represents, covenants and warrants that it maintains (i) a wallet for each Fund Component held by the Fund from a reputable digital asset wallet software provider or with a third party provider of digital asset wallets for Fund Components held by the Fund and (ii) a bank account for U.S. Dollars. If there is any change in the foregoing, the Authorized Participant shall give immediate notice to the Manager of such event.

(d) The Authorized Participant understands and acknowledges that some activities on its part, depending on the circumstances and under certain possible interpretations of applicable law, could be interpreted as resulting in (i) its being deemed a “money services business” by the Financial Crimes Enforcement Network, a bureau of the United States Department of Treasury and/or (ii) a money transmitter or entity

engaged in virtual currency business activity under state law. The Authorized Participant agrees to consult its own counsel in connection with entering into this Agreement and transacting in Fund Components held by the Fund.

(e) The Authorized Participant is subject to and is in compliance with the money laundering and related provisions of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, and the regulations promulgated thereunder. The Fund is relying on the foregoing representation to be compliant with its anti-money laundering obligations. The Fund and Authorized Participant understand and agree that, notwithstanding the ability of the Fund to delegate the maintenance of anti-money laundering procedures to, or rely on, the Authorized Participant, the Fund shall be ultimately responsible for ensuring that the Fund is compliant with its own anti-money laundering obligations.

(f) The Authorized Participant shall act in a manner consistent with all applicable laws concerning money laundering and similar activities. In furtherance of such efforts, the Authorized Participant shall not mention or send any materials related to the Fund to any prospective investor, unless, to the Authorized Participant's knowledge, on the basis of the Authorized Participant's prior relationship with the prospective investor: (i) none of the cash or property that would be paid to the Authorized Participant in connection with an investment in the Fund, would be derived from, or related to, any activity that is deemed criminal under the United States law or any other applicable law, including anti-corruption laws, anti-bribery laws, OFAC regulations or otherwise; and (ii) no contribution or payment to the Authorized Participant in connection with an investment in the Fund by such prospective investor would cause the Fund or the Manager to be in violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001.

(g) The Authorized Participant hereby represents and warrants to the Fund that the Authorized Participant: (i) has exercised reasonable care to identify each covered person of the Fund set forth in paragraph (d)(1) of Rule 506 of Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), that is an officer of the Authorized Participant participating in the offering of the securities that is the subject of this Agreement or a financial advisor or registered representative/agent soliciting investors in connection with such offering; (ii) has exercised reasonable care to ascertain whether (A) a disqualification exists under clauses (i) through (viii) of paragraph (d)(1) of such Rule 506 with respect to each such covered person, as well as the Authorized Participant's general partners, managing members, or directors, and executive officers, as applicable, and (B) whether any disclosure is required to be made pursuant to paragraph (e) of such Rule 506 in respect of any matter experienced by any such person; and (iii) does not know of (A) any disqualification that exists under paragraph (d)(1) of such Rule 506 in respect of any such person or (B) of any disclosure required to be made pursuant to paragraph (e) of such Rule 506 in respect of any matter experienced by any such person. The Authorized Participant further represents and warrants to the Fund that the Authorized Participant shall, within a reasonable time, implement policies, procedures and controls reasonably designed to detect the occurrence of any event that could

reasonably be expected to lead to any disqualification under paragraph (d)(1) of Rule 506 in respect of any such covered person. The Authorized Participant covenants to the Fund that the Authorized Participant will inform the Fund as promptly as reasonably practical of the occurrence of any event in respect of any such covered person that could reasonably be expected to give rise to a disqualification under such paragraph, including any pending or threatened litigation or regulatory actions, as well as the occurrence of any event that does, in fact, give rise to a disqualification under paragraph (d)(1) of Rule 506.

(h) The Authorized Participant hereby confirms to the Fund that the Authorized Participant, prior to submission of any order to create one or more Baskets, will have taken reasonable steps to verify that any Investor for whom the Authorized Participant is acting as agent in connection with such creation order is an “accredited investor” within the meaning of Rule 501(a) of Regulation D under the Securities Act, and will have determined that such Investor is an “accredited investor” within the meaning of such Rule 501(a). Each submission of a creation order by the Authorized Participant shall be deemed to bring down this representation to such date and to make such representation on and as of such date with respect to each such Investor on behalf of which the Authorized Participant is placing such creation order. The Authorized Participant understands that the Shares of the Fund are being offered by means of a general solicitation or general advertising, that the Fund relies upon Rule 506(c) of Regulation D under the Securities Act for exemption from the registration requirements of the Securities Act for offerings not subject to limitation on the manner of offering, and that the Fund is relying on the foregoing representations from the Authorized Participant for exemption from the registration requirements of the Securities Act in respect of the shares being created in any creation transaction by the Authorized Participant.

(i) The Authorized Participant hereby represents, covenants and warrants that it has all requisite authority, whether arising under applicable U.S. federal or state law, the rules and regulations of any self-regulatory organization to which it is subject, or its certificate of incorporation, formation or limited liability company operating agreement or other organizational document, as the case may be, to enter into this Agreement and to discharge the duties and obligations apportioned to it in accordance with the terms hereof.

(j) The Authorized Participant hereby represents, covenants and warrants that there are no actions, grievances, proceedings (including, without limitation, arbitration proceedings), orders, inquiries or claims pending, or to the Authorized Participant’s knowledge, threatened against or affecting it or any broker or employee (in his or her capacity as such) by the Securities and Exchange Commission, FINRA or any other self-regulatory organization that would affect the Authorized Participant’s ability to fulfill its obligations hereunder.

(k) The Authorized Participant hereby represents, covenants and warrants that each Investor shall be required in its Subscription Agreement to make the usual and customary representations made in private placements undertaken pursuant to Rule 506 of Regulation D, including:

1. that they have had an opportunity at a reasonable time prior the date that a creation order is processed to ask questions and receive answers concerning the terms and conditions of the offering of Shares and to obtain any additional information which the Authorized Participant possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of the information in the Memorandum; and
2. that they understand that the Shares are “restricted securities” that cannot be resold without registration under the Securities Act and state securities laws or exemption therefrom, and that they are purchasing the securities for investment purposes only and not with a view to resale.

(l) The Authorized Participant understands and agrees that the submission of a creation order also will be deemed to bring down representations made by the Authorized Participant in the Participant Agreement between the Authorized Participant and the Fund that no general partner, managing member, director, executive officer or other officer of the Authorized Participant participating in the offering of the Shares has experienced any disqualifying event set forth in clauses (d)(1)(i) through (d)(1)(viii) of Rule 506 of Regulation D.

(m) The Authorized Participant understands that the Manager intends to restrict the aggregate investment by “benefit plan investors” (as defined in the Memorandum) in the Fund to under 25% of the total value of each class of equity interests of the Fund to ensure that the assets of the Fund will not be deemed to be “plan assets” for purposes of the “Plan Asset Regulations” set forth at 29 C.F.R. 2510.3-101 and the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended. Accordingly, the Authorized Participant represents covenants and agrees that (1) the Authorized Participant is not a “benefit plan investor” (as that term is defined in the Plan Asset Regulations) and (2) that it has ascertained, through the Subscription Agreement, and communicated to the Manager and Fund, whether any Investor in the Fund is a benefit plan investor.

(n) The Authorized Participant represents and warrants that it will not place a Redemption Order (as defined in the Procedures) from the Manager or its delegate for the purpose of, if the redemption of Baskets is permitted, redeeming Baskets unless it first ascertains that (i) it or the relevant Investor, as the case may be, owns outright or has full legal authority and legal and beneficial right to tender for redemption the Baskets to be redeemed and to receive the Total Basket Amount (as defined in the Procedures) associated with such redemption and (ii) such Baskets have not been loaned or pledged to another party and are not the subject of any arrangement which would preclude the unfettered delivery of such Baskets to the Manager as required pursuant to the Procedures.

(o) The Authorized Participant represents and warrants that prior to submitting a Redemption Order to the Manager or its delegate, the Authorized Participant will first ascertain (i) that the digital asset wallet or wallets to be used in connection with the Redemption Order are owned outright by the Authorized Participant or it has full

legal authority and legal and beneficial right to any digital assets transferred to such digital wallet address or addresses and (ii) that each Authorized Participant Self-Administered Account is appropriately designated for delivery of the Total Basket Amount by the Fund.

(p) The Authorized Participant acknowledges and agrees that:

1. the Fund intends to comply with (i) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, and any other similar legislation, regulations or guidance enacted in any other jurisdiction that seeks to implement similar financial account information reporting and/or withholding tax regimes; (ii) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard (the “**CRS**”) and any associated guidance; (iii) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Cayman Islands (or any Cayman Islands government body) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in sub-paragraphs (i) and (ii); and (iv) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding sub-paragraphs (collectively, “**AEOI**”);
2. the Authorized Participant will provide, in a timely manner, such information regarding the Authorized Participant, each Investor and their respective beneficial owners and such forms or documentation as may be requested from time to time by the Fund (whether by its managers or other agents such as the Manager) to enable the Fund to comply with the requirements and obligations imposed on it pursuant to AEOI, specifically, but not limited to, forms and documentation which the Fund may require to determine whether or not the relevant investment is a “Reportable Account” (under any AEOI regime) and to comply with the relevant due diligence procedures in making such determination;
3. any such forms or documentation requested by the Fund or its agents pursuant to paragraph (b), or any financial or account information with respect to the Authorized Participant’s and any Investor’s investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other Cayman Islands governmental body which collects information in accordance with AEOI) and to any withholding agent where the provision of that information is required by such agent to avoid the application of any withholding tax on any payments to the Fund;

4. it waives on its own behalf and on behalf of each Investor, and/or shall cooperate with the Fund to obtain a waiver of, the provisions of any law that:
 - (A.) prohibit the disclosure by the Fund, or by any of its agents, of the information or documentation requested from the Authorized Participant and any Investor pursuant to paragraph 2; or
 - (B.) prohibit the reporting of financial or account information by the Fund or its agents required pursuant to AEOI; or
 - (C.) otherwise prevent compliance by the Fund with its obligations under AEOI;
5. if it provides information and documentation that is in anyway misleading, or it fails to provide the Fund or its agents with the requested information and documentation necessary in either case to satisfy the Fund's obligations under AEOI, the Fund reserves the right (whether or not such action or inaction leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax or other costs, debts, expenses, obligations or liabilities (whether external, or internal, to the Fund) (together, "**costs**") under AEOI):
 - (A.) to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Investor; and
 - (B.) to hold back from any redemption or repurchase proceeds, or any other distributions, any costs caused (directly or indirectly) by the Authorized Participant's or any Investor's action or inaction; and
 - (C.) it shall have no claim against the Fund, or its agents, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with AEOI.

(q) The Authorized Participant hereby indemnifies each AP Indemnified Party (as defined below) and holds them harmless from and against any AEOI related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses) penalties or taxes whatsoever which such AP Indemnified Party may incur as a result of any action or inaction (directly or indirectly) of the Authorized Participant or any Investor (or any related person) described in paragraphs (i) to (v) above. This indemnification shall survive the Investor's death or disposition of its Shares in the Fund.

Section 3. Orders. (a) All orders to create or redeem Baskets shall be made in accordance with the terms of the LLC Agreement, this Agreement and the Procedures. Each party shall comply with such foregoing terms and procedures to the extent applicable to it. The Manager may issue procedures from time to time relating to the manner of creating or redeeming Baskets which are not related to the Procedures, and the Authorized Participant shall comply with such procedures of which it has been notified in accordance with this Agreement.

(b) The Authorized Participant acknowledges and agrees on behalf of itself and any party for which it is acting (whether such party is an Investor or otherwise) that each order to create one or more Baskets (a “**Creation Order**”) and each order to redeem one or more Baskets (a “**Redemption Order**”, and any Redemption Order or Creation Order, an “**Order**”) may not be revoked by the Authorized Participant upon its delivery to the Manager or its delegate. A form of Creation Order Form is attached hereto as Exhibit B and a form of Redemption Order Form is attached hereto as Exhibit C.

(c) The Manager or its delegate shall have the absolute right, but shall have no obligation, to reject any Creation Order or Total Basket Amount if (i) the Creation Order is not in proper form as described herein, (ii) the Creation Order would cause participation by benefit plan investors in the Fund to be “significant” (as that term is defined in the Plan Asset Regulations), (iii) circumstances outside the control of the Manager or its delegates make it for all practical purposes not feasible for the Fund to issue Creation Baskets, (iv) the fulfillment of the Creation Order, in the opinion of counsel, might be unlawful, (v) any such action is deemed necessary or advisable by the Manager or its delegate or (vi) for any reason at any time or from time to time. The Manager or its delegates shall not be liable to any person by reason of the rejection of any Creation Order or Total Basket Amount.

(d) The Manager or its delegate shall have the absolute right, but shall have no obligation, to reject any Redemption Order or Redemption Baskets if (i) the Redemption Order is not in proper form as described herein, (ii) the Redemption Order would cause participation by benefit plan investors in the Fund to be “significant” (as that term is defined in the Plan Asset Regulations), (iii) circumstances outside the control of the Manager or its delegates make it for all practical purposes not feasible to redeem Redemption Baskets, (iv) the fulfillment of the Redemption Order, in the opinion of counsel, might be unlawful, (v) any such action is deemed necessary or advisable by the Manager or its delegate or (vi) for any reason at any time or from time to time. The Manager or its delegates shall not be liable to any person by reason of the rejection of any Redemption Order or Redemption Baskets.

(e) The creation and, if permitted, redemption of Shares may be suspended generally, or refused with respect to a particular Creation Order or Redemption Order, during any period during which the transfer books of the Transfer Agent (as defined in the LLC Agreement) are closed or if circumstances outside the control of the Manager or its delegate make it for all practicable purposes not feasible to process such Orders. None of the Manager or its delegates shall be liable for the suspension or rejection of any Order.

Section 4. Authorized Persons. Concurrently with the execution of this Agreement and from time to time thereafter, the Authorized Participant shall deliver to the Manager or its delegate notarized and duly certified as appropriate by its secretary or other duly authorized official, a certificate in the form of Exhibit A setting forth (i) the names and signatures of all persons authorized to give instructions relating to activity contemplated hereby or by any other notice, request or instruction given on behalf of the Authorized Participant (each, an “**Authorized Person**”) and (ii) one or more email addresses from which notices regarding Creation Order or Redemption Order will be generated and to which notices regarding a Creation Order or Redemption Order can be sent (a “**Participant email**”). The Manager or its delegate may accept and rely upon such certificate as conclusive evidence of the facts set forth therein and shall consider such certificate to be in full force and effect until the Manager or its delegate receives a superseding certificate bearing a subsequent date. Upon the elimination of any of the Participant emails, the Authorized Participant shall give immediate written notice of such fact to the Manager or its delegate and such notice shall be effective upon receipt by the Manager or its delegate. Upon the termination or revocation of authority of any Authorized Person by the Authorized Participant, the Authorized Participant shall give immediate written notice of such fact to the Manager or its delegate and such notice shall be effective upon receipt by the Manager or its delegate.

Section 5. Role of Authorized Participant. (a) The Authorized Participant acknowledges that, for all purposes of this Agreement and the LLC Agreement, the Authorized Participant is and shall be deemed to be an independent contractor and not an employee, director, officer, constituent partner, manager, member or affiliate of the Fund. The Authorized Participant has no authority to represent that it or any person affiliated with it is anything other than an independent contractor of the Fund, and such representation, if made, shall not bind the Fund or any affiliate thereof, and must not be relied upon by any person. The Authorized Participant, in its capacity as Authorized Participant, agrees that neither it nor any of its affiliates is authorized to make any representation concerning the Fund.

(b) The Authorized Participant shall make itself and its employees available, upon request, during normal business hours to consult with the Manager or its designees concerning the performance of the Authorized Participant’s responsibilities under this Agreement.

(c) The Authorized Participant acknowledges that each submission of a Creation Order by the Authorized Participant shall be deemed to bring down the representations made in Section 2 above to such date.

(d) The Authorized Participant acknowledges that it has obtained a copy of the Fund’s Memorandum.

Section 6. Digital Asset Transactions. EACH OF THE PARTIES HERETO ACKNOWLEDGES AND AGREES THAT TRANSFERS OF DIGITAL ASSETS MAY BE IRREVERSIBLE.

(a) The digital asset wallet addresses and bank accounts that (i) are known to the Manager or its delegates or to any security vendor or vendors (the “**Security**

Vendors”), as specified in the Procedures and (ii) are currently active at the time of a Creation or Redemption transaction with the Fund are each an Authorized Participant self-administered account (each, a “**Authorized Participant Self-Administered Account**”). The Authorized Participant shall provide the Manager or its delegates with one or more Authorized Participant Self-Administered Accounts. If the Authorized Participant becomes unable to continue to provide the Fund with at least one Authorized Participant Self-Administered Account for each Fund Component and/or one Authorized Participant Self-Administered amount for cash, the Authorized Participant shall give immediate notice to the Manager of such event.

(b) Any digital assets and cash to be transferred in connection with any Creation Order or Redemption Order shall be transferred between Authorized Participant Self-Administered Accounts and the relevant Digital Asset Accounts and the Cash Account, respectively, (each of the Digital Asset Accounts, the Cash Account and the Authorized Participant Self-Administered Accounts, an “**Account**”) in accordance with the Procedures.

(c) Each of the parties hereto acknowledges and agrees that (i) it has the computer hardware, software and technological knowhow required to transact in digital assets; (ii) it is responsible for confirming the accuracy of any Account it is provided and that it provides in connection with any Creation Order or Redemption Order pursuant to this Agreement; and (iii) it is responsible for and bears the risk of loss for all digital assets transferred from an Account it owns to an Account owned by another party hereto.

(d) Authorized Participants will receive no other fees, commissions or other form of compensation or inducement of any kind from either the Manager or the Fund in connection with a Creation Orders and Redemption Orders, and Authorized Participants will receive no Fee in connection with any subscription amount paid to the relevant Authorized Participant in digital assets.

Section 7. Indemnification.

(a) The Authorized Participant hereby indemnifies and holds harmless the Fund and the Manager, their respective direct or indirect affiliates and their respective directors, trustees, sponsors, partners, members, managers, officers, employees and agents (each, an “**AP Indemnified Party**”) from and against any losses, liabilities, damages, costs and expenses (including reasonable attorneys’ fees and the reasonable cost of investigation, including reasonable costs involved in defending itself in connection with an investigation) incurred by such AP Indemnified Party as a result of or in connection with: (i) any breach by the Authorized Participant of any provision of this Agreement; (ii) any failure on the part of the Authorized Participant to perform any of its obligations set forth in this Agreement; (iii) any failure by the Authorized Participant to comply with any applicable laws or the applicable rules and regulations in connection with this Agreement; (iv) any actions of such AP Indemnified Party in reliance upon any instructions issued in accordance with the Procedures believed by the AP Indemnified Party to be genuine and to have been given by the Authorized Participant; or (v) any representation by the Authorized Participant, its employees or its agents or other

representatives about the Shares, any AP Indemnified Party or the Fund that is not consistent with the Fund's then-current Memorandum made in connection with the offer or the solicitation of an offer to buy or sell Shares.

(b) The Manager hereby indemnifies and holds harmless the Authorized Participant, its respective subsidiaries, affiliates, directors, officers, employees and agents (each, a "**Manager Indemnified Party**") from and against any losses (other than *de minimis* losses), liabilities, damages, costs and expenses (including reasonable attorneys' fees and the reasonable cost of investigation, including reasonable costs involved in defending itself in connection with an investigation) incurred by such Manager Indemnified Party as a result of or in connection with: (i) any breach by the Manager of any provision of this Agreement; (ii) any failure on the part of the Manager to perform any of its obligations set forth in this Agreement; (iii) any failure by the Manager to comply with any applicable laws and any applicable rules and regulations in connection with this Agreement, except that the Manager shall not be required to indemnify a Manager Indemnified Party to the extent that such failure was caused by the reasonable reliance on instructions given or representations made by one or more Manager Indemnified Parties or the negligence or willful malfeasance of any Manager Indemnified Party; or (iv) any untrue statement or alleged untrue statement of a material fact contained in a Memorandum or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except those statements in the Memorandum based on information furnished in writing by or on behalf of the Authorized Participant expressly for use in such Memorandum.

(c) This Section 7 shall not apply to the extent any such losses, liabilities, damages, costs and expenses are incurred as a result of or in connection with any fraud, gross negligence, bad faith or willful misconduct on the part of the AP Indemnified Party or the Manager Indemnified Party, as the case may be.

(d) The term "affiliate" in this Section 7 shall include, with respect to any person, entity or organization, any other person, entity or organization which directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, entity or organization.

(e) If the indemnification provided for in this Section 7 is unavailable to an indemnified party under Section 7(a) or Section 7(b) or is insufficient to hold an indemnified party harmless in respect of any losses, liabilities, damages, costs and expenses referred to therein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, damages, costs and expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Manager and the Fund, on the one hand, and by the Authorized Participant, on the other hand, from the services provided hereunder or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Manager and the Fund, on the one hand, and of the

Authorized Participant, on the other hand, in connection with, to the extent applicable, the statements or omissions which resulted in such losses, liabilities, damages, costs and expenses, as well as any other relevant equitable considerations. The relative benefits received by the Manager and the Fund, on the one hand, and the Authorized Participant, on the other hand, shall be deemed to be in the same respective proportions as the amount of digital assets (expressed in U.S. Dollars) and cash transferred to the Fund under this Agreement on the one hand and the amount of economic benefit received by the Authorized Participant in connection with this Agreement on the other hand. To the extent applicable, the relative fault of the Manager, on the one hand, and of the Authorized Participant, on the other, shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Manager or by the Authorized Participant and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, liabilities, damages, costs and expenses referred to in this Section 7(d) shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending any action, suit or proceeding (each a **"Proceeding"**) related to such losses, liabilities, damages, costs and expenses.

(f) The Manager and the Authorized Participant agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 7(d) above. The Authorized Participant shall not be required to contribute any amount in excess of the amount by which the total price (expressed in U.S. Dollars) at which the Shares were initially created by the Authorized Participant (for avoidance of doubt, in an amount equal to the U.S. Dollar value of the Total Basket Amount deposited with the Fund at the time of creation) exceeds the amount of any damages which the Authorized Participant has otherwise been required to pay by reason of such untrue statement or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(g) The indemnity and contribution agreements contained in this Section 7 shall remain in full force and effect regardless of any investigation made by or on behalf of the Authorized Participant, its partners, stockholders, members, directors, officers, employees and shall survive any termination of this Agreement. The Manager and the Authorized Participant agree to promptly notify each other of the commencement of any Proceeding against it and, in the case of the Manager, against any of the Manager's officers or directors, in connection with the issuance and sale of the Shares or in connection with the Memorandum.

Section 8. Liability.

(a) Limitation of Liability. In the absence of fraud, gross negligence, bad faith or willful misconduct, neither the Manager nor the Authorized Participant shall be liable

to each other or to any other person, including any party claiming by, through or on behalf of the Authorized Participant, for any losses, liabilities, damages, costs or expenses arising out of any mistake or error in data or other information provided to any of them by each other or any other person or out of any interruption or delay in the electronic means of communications used by them.

(b) Tax Liability. The Authorized Participant shall be responsible for the payment of any transfer tax, sales or use tax, stamp tax, recording tax, value added tax and any other similar tax or government charge applicable to the creation or redemption of any Basket made pursuant to this Agreement, regardless of whether or not such tax or charge is imposed directly on the Authorized Participant. To the extent the Manager or the Fund is required by law to pay any such tax or charge, the Authorized Participant agrees to promptly indemnify such party for any such payment, together with any applicable penalties, additions to tax or interest thereon.

Section 9. Effectiveness and Termination. Upon the execution of this Agreement by the parties hereto, this Agreement shall become effective in this form as of the date first set forth above, and may be terminated at any time by any party upon thirty (30) calendar days prior written notice to the other parties unless earlier terminated: (i) upon notice to the Authorized Participant by the Manager in the event of a breach by the Authorized Participant of this Agreement or the procedures described or incorporated herein; (ii) at such time as all of the Trusts have been terminated pursuant to their respective Trust Agreements or (iii) as mutually agreed upon in writing by the parties hereto.

Section 10. Certain Representations, Warranties and Covenants of the Manager. The Manager, on its own behalf and as manager of the Fund:

(a) agrees to notify the Authorized Participant promptly of the happening of any event during the term of this Agreement which could require the making of any change in the Memorandum then being used so that the Memorandum would not include an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading, and, during such time, to promptly prepare and furnish, at the expense of the Fund, to the Authorized Participant such amendments or supplements to such Memorandum as may be necessary to reflect any such change;

(b) represents and warrants to the Authorized Participant that the Manager, on behalf of the Fund, (i) has exercised reasonable care to identify each covered person of the Fund set forth in paragraph (d)(1) of Rule 506 of Regulation D under the Securities Act (other than the Authorized Participant and its directors, the executive officers and other employees or officers who participate in the offering); (ii) has exercised reasonable care to ascertain whether (A) a disqualification exists under clauses (i) through (viii) of paragraph (d)(1) of Rule 506 with respect to each such covered person and (B) whether any disclosure is required to be made pursuant to paragraph (e) of such Rule 506 in respect of any matter experienced by any such covered person; and (iii) does not know of (A) any disqualification that exists under paragraph (d)(1) of Rule 506 in respect of any such covered person or (B) of any disclosure required to be made pursuant to paragraph (e) of such Rule 506 in respect of any matter experienced by any such covered person;

(c) further represents and warrants to the Authorized Participant that the Fund has in place policies, procedures and controls reasonably designed to detect the occurrence of any event that could reasonably be expected to lead to any disqualification under paragraph (d)(1) of Rule 506 in respect of such covered person; and

(d) covenants to the Authorized Participant that the Manager will inform the Authorized Participant as promptly as reasonably practical of the occurrence of any event in respect of any such covered person that could reasonably be expected to give rise to a disqualification under such paragraph, including any pending or threatened litigation or regulatory actions, as well as the occurrence of any event that does, in fact, give rise to a disqualification under paragraph (d)(1) of Rule 506.

In addition, any certificate signed by any officer of the Manager and delivered to the Authorized Participant or counsel for the Authorized Participant pursuant hereto shall be deemed to be a representation and warranty by the Manager as to matters covered thereby to the Authorized Participant.

Section 11. Third Party Beneficiaries. Each AP Indemnified Party and Manager Indemnified Party, to the extent it is not a party to this Agreement, is a third-party beneficiary of this Agreement (each, a “**Third Party Beneficiary**”) and may proceed directly against any party hereto (including by bringing proceedings against the parties hereto in its own name) to enforce any obligation of such party under this Agreement which directly or indirectly benefits such Third Party Beneficiary.

Section 12. Force Majeure. No party to this Agreement shall incur any liability for any delay in performance, or for the non-performance, of any of its obligations under this Agreement by reason of any cause beyond its reasonable control. This includes any act of God or war or terrorism; any breakdown, malfunction or failure of transmission in connection with or other unavailability of any wire, communication or computer facilities; any transport, port, or airport disruption; and acts and regulations and rules of any governmental or supra-national bodies or authorities or regulatory or self-regulatory organization or failure of any such body, authority or organization for any reason, to perform its obligations.

Section 13. Miscellaneous.

(a) Amendment and Modification. This Agreement, the Procedures and the Exhibits hereto may be amended, modified or supplemented by the Fund and the Manager, without consent of any beneficial owner or Authorized Participant from time to time by the following procedure: the Manager will send a copy of the proposed amendment, modification or supplement to the Authorized Participant via email or regular mail. For the purposes of this Agreement, (i) an email will be deemed received by the recipient thereof on the day the notice is sent and (ii) mail will be deemed received by the recipient thereof on the third (3rd) day following the deposit of such mail into the United States postal system. Within ten (10) calendar days after its deemed receipt, the

amendment, modification or supplement will become part of this Agreement, the Attachments or the Exhibits, as the case may be, in accordance with its terms; *provided, however*, that any amendments to the Procedures shall not apply retroactively to Orders submitted prior to the effectiveness of such amended Procedures as set forth herein.

(b) Waiver of Compliance. Any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but any such written waiver, or the failure to insist upon strict compliance with any obligation, covenant, agreement or condition herein, shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

(c) Notices. Except as otherwise specifically provided in this Agreement, all notices required or permitted to be given pursuant to this Agreement shall be in writing, given in person, by mail (postage prepaid) by overnight courier, or by confirmed email or confirmed facsimile, and any such notice shall be effective when received at the address or email address specified for the intended recipient below (or at such other address as such recipient may designate from time to time by written notice to the other parties), and with it being agreed that electronic signature (e.g. PDF email) shall have the same force and effect as an original signature for all notice purposes. Unless otherwise notified in writing, all notices to the Fund shall be given or sent to the Manager. All notices shall be directed to the address or facsimile numbers indicated below the signature line of the parties on the signature page hereof or such other address as any of the parties hereto shall have communicated in writing to the remaining parties in compliance with the provisions hereof.

(d) Successors and Assigns. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

(e) Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party without the prior written consent of the other parties hereto, which shall not be unreasonably withheld, provided that any entity into which a party hereto may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which such party hereunder shall be a party, or any entity succeeding to all or substantially all of the business of the party, shall be the successor of such party without further action under this Agreement and except that the Manager may delegate its obligations hereunder to any such person as the Manager, in its sole discretion, deems fit by notice to the Authorized Participant. The party resulting from any such merger, conversion, consolidation or succession shall promptly notify the other parties hereto of the change. Any purported assignment in violation of the provisions hereof shall be null and void. Notwithstanding the foregoing, this Agreement shall be automatically assigned to any successor Manager at such time as such successor qualifies as a successor Manager under the terms of the LLC Agreement.

(f) Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (regardless of the laws that might otherwise govern under applicable Delaware conflict of laws principles) as to all matters, including matters of validity, construction, effect, performance and remedies. Each party hereto irrevocably consents to the jurisdiction of the courts of the State of New York located in the Borough of Manhattan, and of any federal court located in the Borough of Manhattan in such State, in connection with any action, suit or other proceeding arising out of or relating to this Agreement or any action taken or omitted hereunder, and waives any claim of forum non conveniens and any objections as to laying of venue. Each party further waives personal service of any summons, complaint or other process and agrees that service thereof may be made by certified or registered mail directed to such party at such party's address for purposes of notices hereunder. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(g) Counterparts. This Agreement may be executed in several counterparts (including by facsimile and other electronic means), each of which when executed and delivered shall be an original, but all of which together shall constitute one and the same instrument. This Agreement, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

(h) Interpretation. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

(i) Entire Agreement. This Agreement and the LLC Agreement, along with any other agreement or instrument delivered pursuant to this Agreement and the LLC Agreement, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof, *provided, however*, that the Authorized Participant shall not be deemed by this provision, or any other provision of this Agreement, to be a party to the LLC Agreement.

(j) Severance. If any provision of this Agreement is held by any court or any act, regulation, rule or decision of any other governmental or supra national body or authority or regulatory or self-regulatory organization to be invalid, illegal or unenforceable for any reason, it shall be invalid, illegal or unenforceable only to the extent so held and shall not affect the validity, legality or enforceability of the other provisions of this Agreement and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless the Manager determines in its discretion that the provision of this Agreement that was held invalid, illegal or unenforceable does affect the validity, legality or enforceability of one or more other provisions of this Agreement, and that this Agreement should not be continued without the provision that was held invalid, illegal or unenforceable. In that case, this Agreement shall immediately terminate and the Manager will so notify the Authorized Participant immediately.

(k) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

(l) Survival. Sections 7 (Indemnification) and 11 (Third Party Beneficiaries) hereof shall survive the termination of this Agreement.

(m) Other Usages. The following usages shall apply in interpreting this Agreement: (i) references to a governmental or quasi-governmental agency, authority or instrumentality shall also refer to a regulatory body that succeeds to the functions of such agency, authority or instrumentality, and (ii) “including” means “including, but not limited to.”

Section 14. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Fund or the Manager and the Authorized Participant set forth in, or made pursuant, to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Authorized Participant, the Fund, the Manager or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Securities. If this Agreement is terminated pursuant to Section 9, the representations and warranties in Sections 2, 5, 6 and 10 hereof and shall also remain in effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Authorized Participant and the Manager, on behalf of itself and the Fund, have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

Grayscale Investments, LLC,
the Manager of the Fund

By: /s/ Michael Sonnenshein
Name: Michael Sonnenshein
Title: Managing Director

Address: 636 Avenue of the Americas, 3rd Floor
New York, New York 10011

Telephone: (212) 668-5921
Facsimile: (212) 937-3645
Email: info@grayscale.co

Genesis Global Trading, Inc.,
the Authorized Participant

By: s/ Soichiro Moro
Name: Soichiro Moro
Title: CEO

Address: 636 Avenue of the Americas, 3rd Floor
New York, New York 10011

Telephone: (212) 668-5921
Facsimile: (646) 619-4410
Email: trading@genesistrading.com

EXHIBIT A

GRAYSCALE DIGITAL LARGE CAP FUND LLC

FORM OF CERTIFIED AUTHORIZED PERSONS OF AUTHORIZED PARTICIPANT

The following are the names, titles and signatures of all persons (each an “**Authorized Person**”) authorized to give instructions relating to any activity contemplated by the Participant Agreement or any other notice, request or instruction on behalf of the Authorized Participant pursuant to the Grayscale Digital Large Cap Fund LLC Participant Agreement.

Authorized Participant: Genesis Global Trading, Inc.

Name: Soichiro Moro

Title: CEO

Signature: _____

Name: _____

Title: _____

Signature: _____

Name: Michael Paleokrassas

Title: Managing Director

Signature: _____

Name: Carl Bergman

Title: Operations Associate

Signature: _____

The following are email addresses (each a “**Participant email**”) where the Manager, or any party delegated by the Manager, may send, and from which it may receive, emails relating to any activity contemplated by the Participant Agreement or any other notice, request or instruction on behalf of the Fund pursuant to the Participant Agreement.

email 1: trusts@genesistrading.com

email 2: genesis@genesistrading.com

Confirm email 1: trusts@genesistrading.com

Confirm email 2: genesis@genesistrading.com

The undersigned, Soichiro Moro, CEO of Genesis Global Trading, Inc., hereby certifies that the persons listed above have been duly elected to the offices set forth beneath their names, that they presently hold such offices, that they have been duly authorized to act as Authorized Persons pursuant to the Grayscale Digital Large Cap Fund LLC Participant Agreement by and between Genesis Global Trading, Inc., Grayscale Digital Large Cap Fund LLC and Grayscale Investments, LLC, dated June 11, 2018, (the “**Participant Agreement**”) and that their signatures set forth above are their own true and genuine signatures. The undersigned further certifies that the emails listed above are the correct email addresses where the Manager, or its delegate, may send emails relating to any activity contemplated by the Participant Agreement. A receipt confirmation for correspondence sent to any of the emails listed above shall serve as conclusive evidence that the confirmation was provided pursuant to the Participant Agreement.

IN WITNESS WHEREOF, the undersigned has hereby set his/her hand and the seal of Genesis Global Trading, Inc. on the date set forth below.

Subscribed and sworn to before me
this ____ day of June, 2018

Notary Public

By: _____

Name: Soichiro Moro

Title: CEO

Date: June 11, 2018

EXHIBIT B
GRAYSCALE DIGITAL LARGE CAP FUND LLC
FORM OF CREATION ORDER FORM

Fund: _____

Authorized Participant: _____

Order Date: _____

Number of Shares to be issued: _____

Number of Creation Baskets to be issued: _____

Total Basket Amount: _____

Fund Component 1: _____

Fund Component 2: _____

Fund Component 3: _____

Fund Component 4: _____

Fund Component 5: _____

Additional Fund Component(s): _____

Forked Asset Portion: _____

Cash Portion: _____

Authorized Participant Self-Administered Account(s) for Fund Components*: _____

Authorized Participant Self-Administered Account for cash: _____

* **“Authorized Participant Self-Administered Accounts”** refer to the digital asset wallet address or addresses and bank accounts provided and known to the Manager, its delegate and the Security Vendors as belonging to the Authorized Participant.

All Creation Orders are subject to the terms and conditions of the Limited Liability Company Agreement, as amended from time to time (the **“LLC Agreement”**), of Grayscale Digital Large Cap Fund LLC (the **“Fund”**) as currently in effect and the Grayscale Digital Large Cap Fund LLC Participant Agreement among the Authorized Participant and the Manager named therein (the **“Participant Agreement”**). All representations and warranties of the Authorized Participant set forth in the Participant Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meaning given in the LLC Agreement.

Listed below are the names of the investors that will beneficially own Shares obtained pursuant to this Creation Order (each, an **“Investor”**), the number of Shares that each such Investor will own and an indication of whether the Investor is a benefit plan investor (as defined in the Memorandum).

Name: _____	Number of Shares: _____	☐ benefit plan investor
Name: _____	Number of Shares: _____	☐ benefit plan investor
Name: _____	Number of Shares: _____	☐ benefit plan investor
Name: _____	Number of Shares: _____	☐ benefit plan investor
Name: _____	Number of Shares: _____	☐ benefit plan investor

The Authorized Participant confirms to the Fund that it has, within the past three months, taken reasonable steps to verify that each such Investor is an “accredited investor” within the meaning of Rule 501(a) of Regulation D under the Securities Act and has determined that such person is an accredited investor. Additionally, such Investor(s) represent(s) and warrant(s) in its (their) Subscription Agreement that, among other things, it has reviewed and understands the risks of an investment in the Fund, has the financial knowledge and experience to evaluate such investment, is able to bear the substantial risks of an investment in the Fund and is able to afford to lose its entire investment.

In connection with the Authorized Participant’s acceptance of an interest in the Fund, the Authorized Participant does hereby irrevocably constitute and appoint the Manager, and its successors and assigns, as its true and lawful Attorney-in-Fact, with full power of substitution, in its name, place and stead, in the execution, acknowledgment, filing and publishing of Fund documents, including, but not limited to, the following: (i) any certificates and other instruments, including but not limited to, any applications for authority to do business and amendments thereto, which the Manager deems appropriate to qualify or continue the Fund as a business or statutory Fund in the jurisdictions in which the Fund may conduct business, so long as such qualifications and continuations are in accordance with the terms of the LLC Agreement, or which may be required to be filed by the Fund or the Shareholders under the laws of any jurisdiction; (ii) any instrument which may be required to be filed by the Fund under the laws of any state or by any governmental agency, or which the Manager deems advisable to file; and (iii) the LLC Agreement and any documents which may be required to effect an amendment to the LLC Agreement approved under the terms of the LLC Agreement, and the continuation of the Fund, the admission of the signer of the Power of Attorney as a Shareholders or of others as additional or substituted Shareholders, or the termination of the Fund, provided such continuation, admission or termination is in accordance with the terms of the LLC Agreement. The Power of Attorney granted hereby shall be deemed to be coupled with an interest and shall be irrevocable and shall survive, and shall not be affected by, the Authorized Participant’s subsequent insolvency or dissolution or any delivery by the Authorized Participant of an assignment of the whole or any portion of the Authorized Participant’s Shares.

The undersigned understands that by submitting this Creation Order, he/she is making the representations and warranties set forth in the Participant Agreement and is also granting an irrevocable Power of Attorney.

The undersigned hereby certifies as of the date set forth below that he/she is an Authorized Person under the Participant Agreement and that he/she is authorized to deliver this Creation Order to the Manager on behalf of the Authorized Participant.

Date: _____

Accepted by:

Grayscale Digital Large Cap Fund LLC

By: Grayscale Investments, LLC,
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

(Please Print Name of Authorized Participant)

By: _____
Name:
Title:

EXHIBIT C
GRAYSCALE DIGITAL LARGE CAP FUND LLC
FORM OF REDEMPTION ORDER FORM

Fund: _____

Authorized Participant: _____

Date: _____

Number of Shares to be redeemed: _____

Number of Redemption Baskets to be issued: _____

Total Basket Amount: _____

Fund Component 1: _____

Fund Component 2: _____

Fund Component 3: _____

Fund Component 4: _____

Fund Component 5: _____

Additional Fund Component(s): _____

Forked Asset Portion: _____

Cash Portion: _____

Authorized Participant Self-Administered Account(s) for Fund Components*: _____

Authorized Participant Self-Administered Account for cash: _____

* **“Authorized Participant Self-Administered Accounts”** refer to the digital asset wallet address or addresses and bank accounts provided and known to the Manager, its delegate and the Security Vendors as belonging to the Authorized Participant.

All Redemption Orders are subject to the terms and conditions of the Limited Liability Company Agreement, as amended from time to time (the **“LLC Agreement”**), of Grayscale Digital Large Cap Fund LLC (the **“Fund”**) as currently in effect and the Grayscale Digital Large Cap Fund LLC Participant Agreement among the Authorized Participant and the Manager named therein (the **“Participant Agreement”**). All representations and warranties of the Authorized Participant set forth in the Participant Agreement are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meaning given in the LLC Agreement.

The undersigned represents and warrants that prior to submitting this Redemption Order, the Authorized Participant has ascertained that (i) the digital asset wallet (or wallets) to be used in connection with the Redemption Order is owned outright by the Authorized Participant or it has full legal authority and legal and beneficial right to any digital assets transferred to such digital asset wallet (or wallets) and (ii) the Authorized Participant Self-Administered Accounts are appropriately designated for receipt of the Total Basket Amount distributed by the Fund.

THE UNDERSIGNED UNDERSTANDS THAT IT IS SOLELY RESPONSIBLE FOR THE ACCURACY OF THE AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNTS PROVIDED FOR THE TRANSFER OF THE TOTAL BASKET AMOUNT PURSUANT TO THIS REDEMPTION ORDER.

The undersigned does hereby certify as of the date set forth below that he/she is an Authorized Person under the Participant Agreement and that he/she is authorized to deliver this Redemption Order to the Manager on behalf of the Authorized Participant. The undersigned understands that by submitting this Redemption Order he/she is making the representations and warranties set forth in the Participant Agreement.

[NAME OF AUTHORIZED PARTICIPANT]

Date:_____

By:_____

Name:

Title:

ANNEX A

GRAYSCALE DIGITAL LARGE CAP FUND LLC PROCEDURES

ARTICLE I

SCOPE OF PROCEDURES

This Annex A to the Participant Agreement (the “**Participant Agreement**”) supplements the Participant Agreement, the Memorandum and the LLC Agreement (as defined below) with respect to the procedures (the “**Procedures**”) to be used in processing (1) creation orders for the creation of one or more Baskets (as defined below) (“**Creation Order**”) of Grayscale Digital Large Cap Fund LLC (the “**Fund**”) or (2) redemption orders for the redemption of one or more Baskets (“**Redemption Order**”) of the Fund. Shares may be created or redeemed only in aggregations of 100 Shares (each such aggregation, a “**Basket**”) of the Fund. Because the creation and redemption of Baskets involve the transfer of digital assets between the Participant and the Fund, certain processes relating to the underlying transfers of digital assets are described below.

THE FUND AND THE PARTICIPANT ACKNOWLEDGE THAT DIGITAL ASSET TRANSFERS MAY BE IRREVERSIBLE.

Capitalized terms used but not defined in these Procedures shall have the meanings assigned to them in the Limited Liability Company Agreement, dated as of January 31, 2018, as amended from time-to-time (the “**LLC Agreement**”), of Grayscale Digital Large Cap Fund LLC, or the Participant Agreement, as applicable.

Each Participant is responsible for ensuring that (i) digital assets and cash, if any, that equal the Total Basket Amount (as defined below) or (ii) Baskets it intends to transfer to the Fund in exchange for digital assets and cash, if any, respectively, are available to transfer to the Fund in the manner and at the times described in these Procedures.

ARTICLE II

CREATION PROCEDURES

In order to create Baskets, the Authorized Participant must transfer an amount of digital assets and cash equal to the Total Basket Amount, as calculated in accordance with Section 2 of this Article II below. In order to facilitate the transfer of the Total Basket Amount in connection with a creation, the Manager, on behalf of the Fund, will provide the addresses for the Digital Asset Accounts and the Cash Account (together, the “**Fund Accounts**”) belonging to the Fund to the Authorized Participant, as the party initiating the transfer of the Total Basket Amount. With respect to digital assets transferred as part of the Total Basket Amount, in the data packets distributed from digital asset software programs to confirm each transfer of digital assets, the Authorized Participant must “sign” transactions with a data code derived from entering the private key into a “hashing algorithm,” which signature serves as validation that the transaction has been authorized by the Authorized Participant, as owner of the digital assets. The signing process is facilitated by either a software program or a third party provider used to generate digital asset wallets and the related addresses for each of the Fund and the Authorized Participant. In order to facilitate the transfer of cash constituting part of the Total Basket Amount in connection with a creation, the Manager, on behalf of the Fund as the recipient of the cash, will provide the wiring instructions to the Authorized Participant, as the party initiating the wire. An Authorized Participant who transfers digital assets and cash to the Fund in exchange for Creation Baskets will receive no fees, commissions or other form of compensation or inducement of any kind from either the Manager or the Fund, except as otherwise set forth in the Participant Agreement. For the avoidance of doubt, it is understood that there may be transaction fees associated with the validation of the transfer of digital assets by the relevant digital asset network.

1. Placing of Creation Order.

- 1.1. Authorized Participants may submit Creation Orders to the Manager or its delegate only on Business Days. Creation Orders can only be placed for a number of Shares equal to one or more whole Baskets. A Creation Order to create one or more Creation Baskets must be placed by an Authorized Participant with the Manager or its delegate by 4:00 p.m., New York time, (the “**Order Cut-Off Time**”) on a Business Day (the “**Creation Order Date**”).
- 1.2. To place a Creation Order, an Authorized Person of the Authorized Participant must email the Manager or its delegate at creations@grayscale.co
- 1.3. ALL CREATION ORDERS REQUIRE WRITTEN CONFIRMATION FROM THE SPONSOR OR ITS DELEGATE VIA EMAIL (THE “**CREATION ORDER CONFIRMATION EMAIL**”).

- 1.4. A CREATION ORDER FOR CREATION BASKETS CANNOT BE CANCELED BY THE AUTHORIZED PARTICIPANT AFTER THE CREATION ORDER CONFIRMATION EMAIL HAS BEEN SENT.
- 1.5. After the Order Cut-Off Time, the Sponsor will calculate the number of digital assets that the Authorized Participant must transfer to the relevant Trust to fulfill the Creation Order on the Creation Order Date (in accordance with Sections 2 and 3 below) and send such calculation to the Authorized Participant to complete the Creation Order Form (the “**Creation Order Calculation Email**”).
- 1.6. After the Creation Order Calculation Email is sent by the Manager or its delegate to the Authorized Participant, the Authorized Participant shall email a PDF copy of the completed Creation Order Form to the Manager or its delegate. Upon receipt, the Manager or its delegate shall immediately email or telephone the Authorized Participant if the Manager or its delegate believes that the Creation Order Form has not been completed correctly by the Authorized Participant.
- 1.7. Subject to the conditions that a properly completed Creation Order Form has been placed by the Authorized Participant not later than 6:00 p.m., New York time, Section 3(c) of the Participant Agreement and any other applicable provision contained in these Procedures, the Manager or its delegate will accept the Creation Order on behalf of the Fund.

2. Determination of Total Basket Amount

- 2.1. After the Order Cut-Off Time, the Manager or its delegate will calculate the number of tokens of each Fund Component held by the Fund and the amount of cash, if any that the Authorized Participant must transfer to the Fund to fulfill the Creation Order on the Creation Order Date.
- 2.2. The number of tokens of each Fund Component required for a Creation Basket or a Redemption Basket shall be determined by the Manager or its delegate by dividing (x) the number of tokens of each Fund Component held by the Fund at 4:00 p.m., New York time, on the Creation Order Date, after deducting the applicable Fund Component Aggregate Liability Amount, by (y) the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (*i.e.*, carried to the eighth decimal place)) and multiplying the quotient so obtained by 100 (for each Fund Component held by the Fund, the “**Fund Component Basket Amount**”). If the Fund holds any Forked Assets that can be reasonably valued in the sole discretion of the Manager, each Basket created or, if permitted, redeemed will also require the delivery of an amount in cash equal to the aggregate U.S. Dollar value of all of such Forked Assets divided by the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth (*i.e.*, carried to the eighth decimal place)) and multiplied by 100 (the “**Forked Asset Portion**”). If the Fund holds any U.S. Dollars, each Basket created or, if permitted, redeemed will also require the delivery of an amount U.S. Dollars determined by dividing the

amount of U.S. Dollars held by the Fund by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (*i.e.*, carried to the eighth decimal place)), and multiplying such quotient by 100 (the “**Cash Portion**”). The sum of the Fund Component Basket Amounts for each Fund Component, the Forked Asset Portion, if any, and the Cash Portion, if any, is referred to herein as the “**Basket Amount**.” The Basket Amount multiplied by the number of Baskets being created in accordance with this Article II or redeemed in accordance with Article III is the “**Total Basket Amount**.” The Manager’s determination of all questions as to the composition of the Total Basket Amount shall be final.

3. Settlement of Creation Order

- 3.1. Once the Total Basket Amount has been determined, the Manager or its delegate will send the Creation Order Calculation Email to the Authorized Participant providing the (i) Total Basket Amount, (ii) the addresses of the relevant Digital Asset Accounts belonging to the Fund and (iii) wiring instructions for the transfer of any U.S. Dollars to the Cash Account belonging to the Fund.
- 3.2. Between the Authorized Participant’s receipt of such e-mail, as provided in Section 3.1 of this Article II, and 6:00 p.m., New York time, the Authorized Participant will initiate the transfer of the Total Basket Amount from the Authorized Participant Self-Administered Accounts to the Fund Accounts and will immediately notify the Manager or its delegate via e-mail of such transfers. THE AUTHORIZED PARTICIPANT IS SOLELY RESPONSIBLE FOR THE ACCURACY OF THE AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNT USED IN CONNECTION WITH THE TRANSFER OF THE TOTAL BASKET AMOUNT PURSUANT TO A CREATION ORDER. TRANSFERS OF DIGITAL ASSETS OR CASH OTHER THAN THOSE RECEIVED FROM AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNTS WILL NOT BE CREDITED TO ANY AUTHORIZED PARTICIPANT. NONE OF THE MANAGER, ITS DELEGATES OR ANY SECURITY VENDOR SHALL BE RESPONSIBLE FOR ANY TRANSFERS OF DIGITAL ASSETS OR CASH MADE FROM AN ACCOUNT OTHER THAN AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNTS.
- 3.3. The Manager or its delegate will confirm transfer of each Fund Component from the relevant Authorized Participant Self-Administered Account to the relevant Digital Asset Account and, if applicable, the validation of such transfer by the relevant network for such Fund Component with the relevant Security Vendors. The Manager or its delegate will also confirm the transfer of U.S. Dollars constituting the Forked Asset Portion and/or Cash Portion from the relevant Authorized Participant Self-Administered Account to the Cash Account. The Manager may determine another mechanism for the Fund to accept delivery of any digital assets or cash included in the Total Basket Amount as the Manager may, from time to time, determine to be acceptable for the Fund.

- 3.4. The Manager or its delegate will send a confirmation email to the Authorized Participant to evidence such transfer of the Total Basket Amount to the Fund. The Manager or its delegate will call or e-mail the Authorized Participant to confirm the Fund's receipt of the Total Basket Amount. The expense and risk of delivery, ownership and safekeeping of digital assets and cash constituting the Total Basket Amount, until such digital assets and cash have been transferred to the Fund shall be borne solely by the Authorized Participant.
 - 3.5. Upon confirmation of receipt of the Total Basket Amount, the Manager or its delegate will direct the Transfer Agent to credit to the account of the Investor on behalf of which the Authorized Participant submitted the Creation Order the number of Creation Baskets so ordered as soon as possible thereafter, provided that the Transfer Agent shall credit the number of Creation Baskets to fill the Authorized Participant's Creation Order by no later than 6:00 p.m., New York time, on the Creation Order Date, or as soon thereafter as practicable.
 - 3.6. The Transfer Agent will issue a statement to the Manager and the Authorized Participant reflecting the number of Creation Baskets that have been credited to the Authorized Participant.
4. DIGITAL ASSET DISCLAIMER. TRANSFERS OF DIGITAL ASSETS MAY BE IRREVERSIBLE AND THERE IS NO RECOURSE AGAINST ANYONE FOR THE WRONGFUL DELIVERY OF DIGITAL ASSETS TO AN INADVERTENT RECIPIENT, AN INACTIVE (DEAD) WALLET ADDRESS OR AN INVALID WALLET ADDRESS AND THERE IS CURRENTLY NO METHOD TO RETRIEVE THE DIGITAL ASSETS FROM AN INADVERTENT RECIPIENT, AN INACTIVE (DEAD) WALLET ADDRESS OR AN INVALID ADDRESS. THE EXPENSE AND RISK OF DELIVERY, OWNERSHIP AND SAFEKEEPING OF DIGITAL ASSETS, UNTIL SUCH DIGITAL ASSETS HAVE BEEN RECEIVED BY THE FUND, SHALL BE BORNE SOLELY BY THE AUTHORIZED PARTICIPANT. THE FUND, THE MANAGER, ITS DELEGATES AND THE SECURITY VENDORS ARE NOT RESPONSIBLE FOR ERRANT TRANSFERS DUE TO TYPOGRAPHICAL, COMPUTER OR HUMAN ERROR ON THE PART OF THE AUTHORIZED PARTICIPANT.

ARTICLE III

REDEMPTION PROCEDURES

In order to redeem Baskets, the Authorized Participant must transfer Baskets to the Fund and the Fund must transfer an amount of digital assets and cash equal to the Total Basket Amount, as calculated in accordance with Section 2 of Article II, to the Authorized Participant. In order to facilitate the transfer of the Total Basket Amount, the Authorized Participant will provide the address of its Authorized Participant Self-Administered Accounts to the Manager or its delegate, who will, instructing the Security Vendors as necessary, initiate the transfer of digital assets and U.S. Dollars on behalf of the Fund. With respect to digital assets transferred as part of the Total Basket Amount, in the data packets distributed from digital asset software programs to confirm each transfer of digital assets, the Manager and the Security Vendors must “sign” transactions with a data code derived from entering the private key into a “hashing algorithm,” which signature serves as validation that the transaction has been authorized by the Fund, as owner of the digital assets. The signing process is facilitated by either a software program or a third party provider used to generate digital asset wallets and the related addresses for each of the Fund and the Authorized Participant. In order to facilitate the transfer of cash constituting part of the Total Basket Amount in connection with a redemption, the Authorized Participant, as the recipient of the cash, will provide the wiring instructions to the Manager, as the party initiating the wire on behalf of the Fund. An Authorized Participant will not incur any fees or other form of expenses in connection with a Redemption transaction, except as otherwise set forth in the Participant Agreement. For the avoidance of doubt, it is understood that there may be transaction fees associated with the validation of the transfer of digital assets by the relevant digital asset network.

THE FUND AND THE AUTHORIZED PARTICIPANT ACKNOWLEDGE THAT TRANSFERS OF DIGITAL ASSETS MAY BE IRREVERSIBLE.

1. Placing of Redemption Order.

- 1.1. Authorized Participants may submit Redemption Orders only on Business Days. Redemption Orders may only be placed for a number of Shares equal to one or more whole Baskets. A Redemption Order to redeem one or more Redemption Baskets must be placed by an Authorized Participant with the Manager or its delegate by 4:00 p.m., New York time, (the “**Order Cut-Off Time**”) on a Business Day (the “**Redemption Order Date**”).
- 1.2. To place a Redemption Order, an Authorized Person of the Authorized Participant must email the Manager or its delegate at redemptions@grayscale.co.
- 1.3. ALL REDEMPTION ORDERS REQUIRE WRITTEN CONFIRMATION FROM THE MANAGER OR ITS DELEGATE VIA EMAIL (THE “**REDEMPTION ORDER CONFIRMATION EMAIL**”).

- 1.4. A REDEMPTION ORDER FOR REDEMPTION BASKETS CANNOT BE CANCELED BY THE AUTHORIZED PARTICIPANT AFTER THE REDEMPTION ORDER CONFIRMATION EMAIL HAS BEEN SENT.
 - 1.5. After the Order Cut-Off Time, the Sponsor will calculate the Total Basket Amount that the relevant Trust must transfer to the Authorized Participant to fulfill the Redemption Order on the Redemption Order Date (in accordance with Section 2 of Article II of these Procedures) and send such calculation to the Authorized Participant to complete the Redemption Order Form (the “**Redemption Order Calculation Email**”).
 - 1.6. After the Redemption Order Calculation Email is sent by the Manager or its delegate to the Authorized Participant, the Authorized Participant shall email a PDF copy of the completed Redemption Order Form to the Manager or its delegate. Upon receipt, the Manager or its delegate shall immediately email or telephone the Authorized Participant if the Manager or its delegate believes that the Redemption Order Form has not been completed correctly by the Authorized Participant.
 - 1.7. Subject to the conditions that a properly completed Redemption Order Form has been placed by the Authorized Participant not later than 6:00 p.m., New York time, Section 3(d) of the Participant Agreement and any other applicable provision contained in these Procedures, the Manager or its delegate will accept the Redemption Order on behalf of the Fund
2. Determination of Total Basket Amount.
 - 2.1. After the Order Cut-Off Time, the Manager or its delegate will calculate the Total Basket Amount that the Fund must transfer to the Authorized Participant to fulfill the Redemption Order on the Redemption Order Date in accordance with Section 2 of Article II of the Procedures.
3. Settlement of Redemption Order.
 - 3.1. Once the Total Basket Amount has been determined, the Manager or its delegate will send the Redemption Order Calculation E-mail to the Authorized Participant providing the Total Basket Amount.
 - 3.2. The Authorized Participant will then send an email to the Manager or its delegate (i) acknowledging the receipt and the content of the Manager’s or its delegate’s email, as provided in Section 3.1 of this Article III (ii) providing the addresses of its Authorized Participant Self-Administered Accounts for digital assets and (iii) wiring instructions for the transfer of any U.S. Dollars to its Authorized Participant Self-Administered Account for cash.
 - 3.3. Upon receipt of the Authorized Participant’s email, the Manager or its delegate will email or telephone the Authorized Participant within 30 minutes, or as soon thereafter as practicable to orally confirm receipt of the e-mail and the

information included in such e-mail generally, and the Authorized Participant Self-Administered Accounts specifically. THE AUTHORIZED PARTICIPANT IS SOLELY RESPONSIBLE FOR THE ACCURACY OF THE AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNTS PROVIDED IN CONNECTION WITH THE TRANSFER OF THE TOTAL BASKET AMOUNT PURSUANT TO A REDEMPTION ORDER. TRANSFERS WILL ONLY BE MADE TO AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNTS AND ANY REQUEST FOR A TRANSFER TO AN ACCOUNT OTHER THAN AN AUTHORIZED PARTICIPANT SELF-ADMINISTERED ACCOUNT WILL BE REJECTED.

- 3.4. The Manager or its delegate will direct the Transfer Agent to debit the account of the Investor on behalf of which the Authorized Participant placed the Redemption Order the number of Redemption Baskets ordered by the Authorized Participant as soon as possible, provided that the Transfer Agent shall so debit the number of Redemption Baskets to fill the Authorized Participant's Redemption Order by no later than 6:00 p.m., New York time, on the Redemption Order Date, or as soon thereafter as practicable.
 - 3.5. The Transfer Agent will e-mail the Manager or its delegate to confirm the debiting of the Redemption Baskets ordered by the Authorized Participant in the transfer register.
 - 3.6. The Transfer Agent will issue a statement to the Manager and the Authorized Participant reflecting the number of Redemption Baskets that have been debited from the Authorized Participant.
 - 3.7. The Manager or its delegate will, instructing the Security Vendors as necessary, initiate the transfer of the Total Basket Amount from the Fund Accounts to the Authorized Participant Self-Administered Accounts as soon as possible, provided that the transfer of the Total Basket Amount to the Authorized Participant Self-Administered Accounts shall occur by no later than the 6:00 p.m., New York time, on the Redemption Order Date. The expense and risk of delivery, ownership and safekeeping of digital assets and cash constituting the Total Basket Amount, until such digital assets and cash have been transferred to the Authorized Participant shall be borne solely by the Fund.
 - 3.8. If applicable, one or more of the Security Vendors will provide confirmation to the Manager or its delegate after it receives confirmation of the transfer of the Fund Component Basket Amount for each Fund Component and the validation of such transfer by the network for each Fund Component.
 - 3.9. The Manager or its delegate will e-mail and call the Authorized Participant to confirm the Authorized Participant's receipt of the Total Basket Amount.
4. DIGITAL ASSET DISCLAIMER. TRANSFERS OF DIGITAL ASSETS MAY BE IRREVERSIBLE AND THERE IS NO RECOURSE AGAINST ANYONE FOR THE WRONGFUL DELIVERY OF DIGITAL ASSETS TO AN INADVERTENT

RECIPIENT, AN INACTIVE (DEAD) WALLET ADDRESS OR AN INVALID WALLET ADDRESS AND THERE IS CURRENTLY NO METHOD TO RETRIEVE THE DIGITAL ASSETS FROM AN INADVERTENT RECIPIENT, AN INACTIVE (DEAD) WALLET ADDRESS OR AN INVALID WALLET ADDRESS. THE EXPENSE AND RISK OF DELIVERY, OWNERSHIP AND SAFEKEEPING OF DIGITAL ASSETS, UNTIL SUCH DIGITAL ASSETS HAVE BEEN RECEIVED BY THE AUTHORIZED PARTICIPANT, SHALL BE BORNE SOLELY BY THE FUND. THE FUND, THE MANAGER, ITS DELEGATES AND ANY SECURITY VENDORS ARE NOT RESPONSIBLE FOR ERRANT TRANSFERS DUE TO TYPOGRAPHICAL, COMPUTER OR HUMAN ERROR ON THE PART OF THE AUTHORIZED PARTICIPANT.

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Execution Version

TRUST COMPANY CUSTODIAL SERVICES AGREEMENT

This Custodial Services Agreement (the “**Agreement**”) is made by and between Grayscale Digital Large Cap Fund LLC (the “**Grayscale Investment Product**”), Grayscale Investments, LLC, manager of the Grayscale Investment Product (the “**Manager**” and together with the Grayscale Investment Product, the “**Client**”) and Coinbase Custody Trust Company, LLC, with an address at 200 Park Avenue South, Suite 1208, New York, NY 10003 (“**Trust Company**”). This Agreement governs Client’s use of the Custodial Services (as defined herein) provided by Trust Company as a fiduciary to its clients’ assets.

1. CUSTODIAL SERVICES.

1.1. Custodial Services. Client hereby appoints Trust Company as its exclusive provider of Custodial Services for a term of three (3) years from the date of Client’s signature to this Agreement (the “**Initial Term**”), subject to earlier termination in accordance with Section 4.5. Trust Company shall establish Client’s “**Custodial Account**” as a segregated custody account controlled and secured by Trust Company to store certain supported digital currencies and utility tokens (“**Digital Assets**”), on Client’s behalf (the “**Custodial Services**”). Trust Company is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940, as amended, and is licensed to custody Client’s Digital Assets in trust on Client’s behalf. Digital Assets in Client’s Custodial Account are not treated as general assets of Trust Company. Rather, Trust Company serves as a fiduciary and custodian on Client’s behalf, and the Digital Assets in Client’s Custodial Account are considered fiduciary assets that remain Client’s property at all times.

1.2. Opt-in to Article 8 of the Uniform Commercial Code of the State of New York. Trust Company is a “securities intermediary” as that term is defined in Article 8 of the Uniform Commercial Code of the State of New York (“Article 8”). Although it holds only Digital Assets, solely for purposes of this Agreement, Client’s Custodial Account is considered a “securities account” under Article 8, and Client is the “entitlement holder” of the securities account under Article 8. Solely for purposes of this Agreement, Digital Assets in Client’s Custodial Account are treated as “financial assets” under Article 8. Trust Company is obligated by Article 8 to maintain sufficient Digital Assets to satisfy all entitlements of customers of Trust Company to the same Digital Assets. Trust Company may not grant a security interest in the Digital Assets in Client’s Custodial Account. Digital Assets in Client’s Custodial Account are custodial assets. Under Article 8, the Digital Assets in Client’s Custodial Account are not general assets of Trust Company and are not available to satisfy claims of creditors of Trust Company. The treatment of Digital Assets in Client’s Custodial Account as financial assets under Article 8 does not determine the characterization or treatment of the Digital Assets under any other law or rule.

1.3. Custodial Services Fees. The fees associated with the Custodial Services set forth herein shall be calculated in accordance with Schedule A (“**Fee Schedule**”).

1.4. No Investment Advice or Brokerage. Trust Company does not provide investment, tax, or legal advice, nor does Trust Company broker transactions on Client’s behalf. Client acknowledges that Trust Company has not provided any advice or guidance or made any recommendations to Client with regard to the suitability or value of any Digital Assets, and that Trust Company has no liability regarding any selection of a Digital Asset that is held by Client through Client’s Custodial Account and the Custodial Services. All deposit and withdrawal transactions are executed based on Client’s instructions and in accordance with posted deposit and withdrawal execution procedures, and Client is solely responsible for determining whether any investment, investment strategy, or related transaction involving Digital Assets is appropriate for Client based on Client’s personal investment objectives, financial circumstances, and risk tolerance. Client should consult its legal or tax professional regarding Client’s specific situation.

1.5. Acknowledgement of Risks. Client acknowledges that the Custodial Accounts not covered by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation.

2. CREATING A CUSTODIAL ACCOUNT.

2.1. Registration of Custodial Account. The Custodial Services are provided through <https://custody.coinbase.com/> or any associated websites or application programming interfaces (“APIs”) (collectively, the “**Trust Company Site**”). To use the Custodial Services, Client must create a Custodial Account by providing Trust Company with all information requested.

2.2. Authorized Representatives. Client shall provide the names of “Authorized Representatives” of Client on Schedule B hereto, each of whom shall be an employee or officer of Client. Each Authorized Representative shall be authorized to access the Trust Company Site and issue instructions to the Trust Company on behalf of Client. Each Authorized Person will continue to be an Authorized Representative of Client until such time as Trust Company receives instructions from Client that its Authorized Representatives have changed. Client shall promptly notify the Trust Company in the event that the Authorized Representatives have changed.

3. CUSTODIAL ACCOUNT.

3.1. In General. The Custodial Services (i) allow supported Digital Assets to be deposited from a public blockchain address to Client’s Custodial Account and (ii) allow Client to withdraw supported Digital Assets from Client’s Custodial Account to a public blockchain address Client controls pursuant to instructions Client provides through the Trust Company Site (each such transaction is a “**Custody Transaction**”). The Digital Assets stored in Client’s Custodial Account are not commingled with Digital Assets that Trust Company custodies for its other clients or Digital Assets of Trust Company and are custodied pursuant to the terms of this Agreement and any addenda thereto. **Trust Company reserves the right to refuse to process or to cancel any pending Custody Transaction as required by law or in response to a subpoena, court order, or other binding government order or to enforce transaction, threshold, and condition limits, in each case as communicated to Client as soon as reasonably practicable where Trust Company is permitted to do so, or if Trust Company reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or applicable rule of a governmental authority or self-regulatory organization. Trust Company cannot reverse a Custody Transaction which has been broadcast to a Digital Asset network.**

3.2. Instructions. Trust Company may act upon instructions (“**Instructions**”) from Client’s Authorized Representatives (or otherwise given on Client’s behalf) in such manner as is currently utilized by Trust Company, or otherwise as notified to Client by Trust Company, provided that (i) Instructions shall continue in full force and effect until cancelled or superseded (except in respect of Instructions executed by Trust Company, which can no longer be cancelled), (ii) if Trust Company becomes aware of any Instructions that are illegible, unclear or ambiguous, Trust Company shall promptly notify Client and may refuse to execute such Instructions until any ambiguity or conflict has been resolved to its satisfaction, (iii) Trust Company may further refuse to execute Instructions if in Trust Company’s reasonable opinion such Instructions are outside the scope of Trust Company’s duties under this Agreement or are contrary to any applicable law, rule or other regulatory requirement (whether arising

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from any governmental authority or self-regulatory organization), and Trust Company will promptly notify Client of such refusal, and (iv) Trust Company may rely in the performance of its duties under this Agreement and without liability on its part, upon any Instructions given by Client's Authorized Representatives and upon any notice, request, consent, certificate or other instrument believed by it in good faith and in a commercially reasonable manner to be genuine and to be signed or furnished by the proper party or parties thereto, including (without limitation) Client or any of Client's Authorized Representatives. Client is responsible for losses resulting from inaccurate Instructions provided by Client (e.g., if Client provides the wrong destination address to Trust Company for executing a withdrawal transaction). Trust Company is responsible for losses resulting from its errors in executing a transaction (e.g., if Client provides the correct destination address for executing a withdrawal transaction, but Trust Company erroneously sends Client's Digital Assets to another destination address).

3.3. Digital Asset Deposits and Withdrawals. Trust Company processes supported Digital Asset deposits and withdrawals according to the Instructions received from Authorized Representatives, and Trust Company does not guarantee the identity of any Authorized Representative. Client should verify all transaction information prior to submitting Instructions to Trust Company. Client should manage and keep secure any and all information or devices associated with deposit and withdrawal verification procedures, including YubiKeys and passphrases or other security or confirmation information. Trust Company reserves the right to charge network fees (miner fees) to process a Digital Asset transaction on Client's behalf. Trust Company will calculate the network fee, if any, in its discretion, although Trust Company will always notify Client of the network fee at or before the time Client authorizes the transaction. Trust Company reserves the right to delay any Custody Transaction if it perceives a risk of fraud or illegal activity.

3.4. Processing of Custody Transactions; Availability of Custodial Account and Custodial Services. From the time Trust Company has verified the authorization of a complete set of Instructions to withdraw Digital Assets from Client's Custodial Account, Trust Company will have up to forty-eight (48) hours to process and complete such Instruction to withdraw Digital Assets from Client's Custodial Account and send those Digital Assets to the applicable Digital Asset network. An Instruction to withdraw Digital Assets will be considered to be received by Trust Company at the time of transmission of the Instruction from Client's Custodial Account.

Trust Company will ensure that Client initiated Instructions to deposit are processed in a timely manner but Trust Company makes no representations or warranties regarding the amount of time needed to complete processing which is dependent upon many factors outside of Trust Company's control.

Except as otherwise provided under this Agreement and subject to Section 4.6, Client and Client's Authorized Representatives shall be able to access the Custodial Account via the Trust Company Site 99.9% of the time (excluding scheduled maintenance) in order to check information about the Custodial Account or initiate a Custody Transaction (subject to the timing described above).

Trust Company makes no other representations or warranties with respect to the availability and/or accessibility of the Digital Assets or the availability and/or accessibility of the Custodial Account or Custodial Services.

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3.5. Safekeeping of Digital Assets. Trust Company shall use best efforts to keep in safe custody on behalf of Client all Digital Assets received by Trust Company. All Digital Assets credited to the Custodial Account shall:

- (i) be held in the Custodial Account at all times, and the Custodial Account shall be controlled by Trust Company;
- (ii) be labeled or otherwise appropriately identified as being held for Client;
- (iii) be held in the Custodial Account on a non-fungible basis;
- (iv) not be commingled with other Digital Assets held by Trust Company, whether held for Trust Company's own account or the account of other clients other than Client;
- (v) not without the prior written consent of Client be deposited or held with any third-party depository, custodian, clearance system or wallet;
- (vi) for any Custodial Accounts maintained by Trust Company on behalf of Client, Trust Company will use best efforts to keep the private key or keys secure, and will not disclose such keys to Client or to any other individual or entity except to the extent that any keys are disclosed consistent with a standard of best efforts and as part of a multiple signature solution that would not result in the Grayscale Investment Product or Manager "storing, holding, or maintaining custody or control of" the Digital Assets "on behalf of others" within the meaning of the New York BitLicense Rule (23 NYCRR Part 200) as in effect as of June 24, 2015 such that it would require the Grayscale Investment Product or Manager to become licensed under such law.

3.6. Supported Digital Asset. The Custodial Services are available only in connection with those Digital Assets that Trust Company, in its sole discretion, decides to support. The Digital Assets that Trust Company supports may change from time to time. Prior to initiating a deposit of Digital Asset to Trust Company, Client must confirm that Trust Company offers Custodial Services for that specific Digital Asset. By initiating a deposit of Digital Asset to a Custodial Account, Client attests that Client has confirmed that the Digital Asset being transferred is a supported Digital Asset offered by Trust Company. Under no circumstances should Client attempt to use the Custodial Services to deposit or store Digital Assets in any forms that are not supported by Trust Company. Depositing or attempting to deposit Digital Assets that are not supported by Trust Company will result in such Digital Asset being unretrievable by Client and Trust Company. Trust Company assumes no obligation or liability whatsoever regarding any unsupported Digital Asset sent or attempted to be sent to it, or regarding any attempt to use the Custodial Services for Digital Assets that Trust Company does not support. To confirm which Digital Assets are supported by Trust Company, Client should login at <https://custody.coinbase.com> and carefully review the list of supported Digital Assets. Trust Company recommends that Client deposit a small amount of supported Digital Asset as a test prior to initiating a deposit of a significant amount of supported Digital Asset. Trust Company may from time to time determine types of Digital Asset that will be supported or cease to be supported by the Custodial Services. Trust Company shall provide Client with thirty (30) days' written notice before ceasing to support a Digital Asset, unless Trust Company is required to cease such support by court order, statute, law, rule (including a self-regulatory organization rule), regulation, code, or other similar requirement, in which case written notice shall be provided as soon as reasonably practicable.

3.7. Advanced Protocols. Unless specifically announced on the Trust Company website or through some other official public statement of Trust Company, Trust Company does not support airdrops, metacoins, colored coins, side chains, or other derivative, enhanced, or forked protocols, tokens, or coins which supplement or interact with a Digital Asset supported by Trust Company (collectively, "Advanced Protocols"). Client shall not use its Custodial Account to attempt to receive, request, send, store, or engage in any other type of transaction involving an Advanced Protocol. The Trust Company platform is not configured to detect and/or secure Advanced Protocol transactions, and Trust Company assumes absolutely no responsibility whatsoever in respect to Advanced Protocols.

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3.8. Operation of Digital Asset Protocols. Trust Company does not own or control the underlying software protocols which govern the operation of Digital Assets supported on the Trust Company platform. In general, the underlying protocols are open source and anyone can use, copy, modify, and distribute them. By using the Custodial Services, Client acknowledges and agrees (i) that Trust Company is not responsible for operation of the underlying protocols and that Trust Company makes no guarantee of their functionality, security, or availability; and (ii) that the underlying protocols are subject to sudden changes in operating rules (a/k/a “forks”), and that such forks may materially affect the value, function, and/or even the name of the Digital Asset Client stores in Client’s Custodial Account. In the event of a fork, Client agrees that Trust Company may temporarily suspend Trust Company operations; provided that Trust Company shall (where practical) provide advance written notice to Client promptly upon becoming aware of such a potential suspension, and that Trust Company may, in its sole discretion, decide whether or not to support (or cease supporting) either branch of the forked protocol entirely; provided that Trust Company will never cease supporting both branches of such forked protocol, unless there is a potential security risk or regulatory or legal risk. Client acknowledges and agrees that Trust Company assumes absolutely no responsibility whatsoever in respect of an unsupported branch of a forked protocol.

3.9. Use of the Custodial Services. Client acknowledges and agrees that Trust Company may monitor use of the Custodial Account and the Custodial Services and the resulting information may only be utilized, reviewed, retained and or disclosed by Trust Company as is necessary for its internal purposes or in accordance with the rules of any applicable legal, regulatory or self-regulatory organization or as otherwise may be required to comply with relevant law, sanctions programs, legal process or government request.

3.10. Security. Trust Company has implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard Trust Company’s electronic systems and Client’s Confidential Information from, among other things, unauthorized access or misuse. In the event of a Data Security Event (defined below), Trust Company shall promptly (subject to any legal or regulatory requirements) notify Client in writing at the email addresses listed opposite each Authorized Representative’s name on Schedule B and such notice shall include the following information: (i) the timing and nature of the Data Security Event, (ii) the information related to Client that was compromised, including the names of any individuals’ acting on Client’s behalf in his or her corporate capacity whose personal information was compromised, (iii) when the Data Security Event was discovered, and (iv) remedial actions that have been taken and that Trust Company plans to take. “**Data Security Event**” is defined as any event whereby (a) an unauthorized person (whether within Trust Company or a third party) acquired or accessed Client’s information, (b) Client’s information is otherwise lost, stolen or compromised or (c) Trust Company’s Chief Information Security Officer, or other senior security officer of a similar title, is no longer employed by Trust Company.

3.11. Confidentiality. The parties agree that the recipient of any non-public, confidential or proprietary information of the other party (including without limitation, information concerning any purchaser of any securities issued by the Grayscale Investment Product (each a “**Beneficiary**”) (including, without limitation, the identity of such Beneficiary, the fact that such Beneficiary is the beneficial owner of any Digital Assets, any information concerning its securities or cash positions, any banking or other relationships between Trust Company and such Beneficiary or any information from which any such information could be derived by a third party), the contents of any document or other information (including, without limitation, any information relating to, or transactions involving, Digital Assets, trade

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secrets or other confidential commercial information), and information with respect to profit margins, and profit and loss information) and information relating to the other party's business operations or business relationships or pursuant to this Agreement, including without limitation the pricing schedule ("**Confidential Information**") will not disclose such Confidential Information to any third party except to such party's officers, directors, agents, employees, consultants, contractors and professional advisors who needs to know the Confidential Information for the purpose of assisting in the performance of the Agreement and who are informed of, and agree to be bound by obligations of confidentiality no less restrictive than those set forth herein, and will protect such Confidential Information from unauthorized use and disclosure. Each party shall use any Confidential Information that it receives pursuant to or in connection with this Agreement solely for performance of this Agreement, and no other purpose. Confidential Information shall not include any (i) information that is or becomes generally publicly available through no fault of the recipient, (ii) information that the recipient obtains from a third party (other than in connection with this Agreement) that, to recipient's best knowledge, is not bound by a confidentiality agreement prohibiting such disclosure; (iii) information that is independently developed or acquired by the recipient without the use of Confidential Information provided by the disclosing party; (iv) disclosure with the prior written consent of the disclosing party; or (v) disclosures which are required by applicable law, rule or regulation.

Notwithstanding the foregoing, each party may disclose Confidential Information of the other party to the extent required by a court of competent jurisdiction or governmental authority or otherwise required by law; provided, however, the party making such required disclosure shall first notify the other party (to the extent legally permissible) and shall afford the other party a reasonable opportunity to seek confidential treatment if it wishes to do so, except that no such notification shall be required for disclosure pursuant to request or regular or routine inspection by a governmental or regulatory agency. For the purposes of this Agreement, no affiliate of either party shall be considered a third party; provided that such party causes such affiliate to undertake the obligations in this section. All documents and other tangible objects containing or representing Confidential Information and all copies or extracts thereof or notes derived therefrom that are in the possession or control of recipient shall be and remain the property of the disclosing party and shall be promptly returned to the disclosing party or destroyed, each upon the disclosing party's request; provided, however, notwithstanding the foregoing, the recipient may retain one (1) copy of Confidential Information if (a) required by law or regulation, or (b) retained pursuant to a bona fide and consistently applied document retention policy or regular backup of data storage systems; provided, further, that in either case, any Confidential Information so retained shall remain subject to the confidentiality obligations of this Agreement. For the avoidance of doubt, the parties acknowledge that the existence and terms of this Agreement are Confidential Information, but subject to Section 4.1.2, this Agreement may be disclosed by the Client to investors or the public as required by its investment activities.

Trust Company shall not contact or communicate with any Beneficiary concerning the services provided under this Agreement without the prior written consent of Client, except as required by law, legal process or regulation.

3.12. Account Statements. Trust Company will provide Client with an electronic account statement: (1) every calendar quarter, at a minimum; or (2) for any month in which Client deposited or withdrew Digital Assets. Each account statement will identify the amount of each Digital Asset in Client's Custodial Account at the end of the period and set forth all transactions in Client's account during that period. Trust Company will send a notice to the email of record given to Trust Company when a new account statement is made available.

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3.13. Independent Verification. If Client is subject to Rule 206(4)-2 under the Investment Advisers Act of 1940, Trust Company shall, upon written request, provide Client authorized independent public accountant confirmation of or access to information sufficient to confirm (i) Client's Digital Assets as of the date of an examination conducted pursuant to Rule 206(4)-2(a)(4), and (ii) Client's Digital Assets are held either in a separate account under Client's name or in accounts under Client's name as agent or trustee for Client's clients.

3.14. Third-Party Payments. The Custodial Services are not intended to facilitate third-party payments of any kind. As such, Trust Company has no control over, or liability for, the delivery, quality, safety, legality or any other aspect of any goods or services that Client may purchase or sell to or from a third party (including other users of Custodial Services) involving Digital Assets that Client intends to store, or have stored, in Client's Custodial Account.

3.15. Authorized Participants. Subject to any legal and regulatory requirements, in order to support Client's ordinary course of deposits and withdrawals, which involves, or will in the future involve, deposits from and withdrawals to Digital Asset accounts owned by a person that is an "Authorized Participant" of the Grayscale Investment Product within the meaning of an authorized participant agreement between such person and the Grayscale Investment Product (each a "**Client Authorized Participant**"), Trust Company will use commercially reasonable efforts to cooperate with Client to design and put in place via the Custodial Services a secure procedure to allow Client Authorized Participants to receive a Digital Asset address for deposits by such Client Authorized Participants, and to initiate withdrawals to Digital Asset addresses controlled by such Client Authorized Participants.

3.16. Location of Digital Assets. The Location of the Digital Assets shall be the United States. Trust Company shall acquire written approval of Client prior to changing the Location of the Digital Assets, including to a different state. "**Location**" means, with respect to any Digital Assets, the jurisdiction of the State in which Client and Trust Company deem such Digital Assets to be present.

4. GENERAL USE, PROHIBITED USE, AND TERMINATION.

4.1.1 Trust Company Site and Content. Trust Company hereby grants Client a limited, nonexclusive, nontransferable, revocable, royalty-free license, subject to the terms of this Agreement, to access and use the Trust Company Site and related content, materials, information (collectively, the "Content") solely for approved purposes as permitted by Trust Company from time to time. Any other use of the Trust Company Site or Content is expressly prohibited and all other right, title, and interest in the Trust Company Site or Content is exclusively the property of Trust Company and its licensors. Client shall not copy, transmit, distribute, sell, license, reverse engineer, modify, publish, or participate in the transfer or sale of, create derivative works from, or in any other way exploit any of the Content, in whole or in part. "custody.coinbase.com," "Coinbase," "Coinbase Custody," "Trust Company" and all logos related to the Custodial Services or displayed on the Trust Company Site are either trademarks or registered marks of Trust Company or its licensors. Client may not copy, imitate or use them without Trust Company's prior written consent.

4.1.2 Limited License of Trust Company Brand. Notwithstanding Section 6.1 of this Agreement, during the term of this Agreement Trust Company hereby grants to Client a nonexclusive, non-transferable, non-sublicensable, revocable, and royalty-free right, subject to the terms of this Agreement, to display, in accordance with Trust Company's brand guidelines, Trust Company's trademark and logo as set forth on Exhibit A hereto, or otherwise refer to its name (the "Trust Company

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Brand”), for the sole and limited purpose of identifying Trust Company as a provider of Custodial Services to Client on Client’s website or to investors or the public, as required by its investment activities. Client may also use the Trust Company Brand in published form, including but not limited to investor or related marketing materials using only the content pre-approved by Trust Company (“Pre-Approved Marketing Content”) as set forth in Exhibit A hereto. Client (1) shall not deviate from nor modify the Pre-Approved Marketing Content, except as provided in Exhibit A, and (2) shall not make any representations or warranties regarding the Custodial Services provided by Trust Company (other than factually accurate statements that Trust Company is a provider of Custodial Services). Client acknowledges that it shall not acquire any right of ownership to any Trust Company copyrights, patents, trade secrets, trademarks, trade dresses, service marks, or other intellectual property rights, and further agrees that it will cease using any materials that bear the Trust Company Brand upon termination of this Agreement. All uses of the Trust Company Brand hereunder shall inure to the benefit of Trust Company and Client shall not do or cause to be done any act or thing that may in any way adversely affect any rights of Trust Company in and to the Trust Company Brand or otherwise challenge the validity of the Trust Company Brand or any application for registration thereof, or any trademark registration thereof, or any rights therein. Notwithstanding the foregoing, Trust Company shall retain the right to request that Client modify or terminate its use of the Trust Company Brand if Trust Company, in its sole and absolute discretion, disapproves of Client’s use of the Trust Company Brand.

4.2. [Reserved.]

4.3. Third-Party or Non-Permissioned Use. Except for fund administrators, Client shall not grant permission to a third party or non-permissioned user to access or connect to Client’s Custodial Account, either through the third party’s product or service or through the Trust Company Site. Client acknowledges that granting permission to a third party or non-permissioned user to take specific actions on Client’s behalf does not relieve Client of any of Client’s responsibilities under this Agreement and may violate the terms of this Agreement. Client is fully responsible for all acts or omissions of any third party or non-permissioned user with access to Client’s Custodial Account, other than Trust Company. Further, Client acknowledges and agrees that Client will not hold Trust Company responsible for, and will indemnify Trust Company from, any liability arising out of or related to any act or omission of any third party or non-permissioned user with access to Client’s Custodial Account, except to the extent of Trust Company’s fraud, gross negligence or willful misconduct. Client must notify Trust Company immediately after becoming aware of a third party or non-permissioned user accessing or connecting to Client’s Custodial Account by contacting Client’s Custodial Account representative or by emailing custody@coinbase.com from the email address associated with Client’s Custodial Account, unless Client reasonably believes such notification to be an additional security risk, in which case Client shall notify Trust Company promptly as soon as such notification would no longer be a security risk.

4.4. Prohibited Use. Client represents and warrants that Client will not use the Custodial Services or Custodial Account for any Prohibited Use as set forth on Appendix 1 hereto.

4.5.1 Termination During the Initial Term. During the Initial Term, either party may terminate this Agreement for Cause (as defined below) at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice.

“Cause” is defined as if:

- (i) such other party commits any material breach of any of its obligations under this Agreement;

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- (ii) such other party is adjudged bankrupt or insolvent, or there is commenced against such party a case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such party files an application for an arrangement with its creditors, seeks or consents to the appointment of a receiver, administrator or other similar official for all or any substantial part of its property, admits in writing its inability to pay its debts as they mature, or takes any corporate action in furtherance of any of the foregoing, or fails to meet applicable legal minimum capital requirements; or
- (iii) with respect to Client's right to terminate, any applicable law, rule or regulation or any change therein or in the interpretation or administration thereof has or may have a material adverse effect on Client or the rights of Client or any Beneficiary with respect to any services covered by this Agreement.

4.5.2 Termination After the Initial Term. After the Initial Term, either party may terminate this Agreement (i) upon ninety (90) days' prior written notice to the other party and (ii) for Cause at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice.

4.5.3 Renewal. Upon the expiry of the Initial Term, this Agreement shall automatically renew for successive terms of one (1) year (each a "Renewal Term"), unless either party elects not to renew, by providing no less than thirty (30) days' written notice to the other party prior to the expiration of the Initial Term or the then-current Renewal Term, or unless terminated earlier as provided herein.

Notwithstanding the foregoing, Client may cancel Client's Custodial Account at any time by withdrawing all balances and contacting Trust Company at custody@coinbase.com. Client will not be charged for canceling Client's Custodial Account, although Client will be required to pay any outstanding amounts owed to Trust Company for the remaining months of the Initial Term at a rate equivalent to the average Fee paid for the months prior to Client's cancellation. Client authorizes Trust Company to cancel or suspend any pending deposits or withdrawals at the time of cancellation. Upon termination of this Agreement, Trust Company shall promptly upon Client's order deliver or cause to be delivered to Client all Digital Assets held or controlled by Trust Company as of the effective date of termination, together with such copies of the records maintained pursuant to Section 9.1 and as Client requests in writing.

4.6. Suspension, Termination, and Cancellation. Trust Company may: (a) suspend or restrict Client's access to the Custodial Services, and/or (b) deactivate, terminate or cancel Client's Custodial Account if:

- Trust Company is so required by a facially valid subpoena, court order, or binding order of a government authority;
- Client uses Client's Custodial Account in connection with a Prohibited Use or Prohibited Business, as set forth in Appendix 1 hereto;
- Client's Custodial Account activity results in a heightened risk of legal or regulatory non-compliance associated with Client's Custodial Account;
- Client circumvents Trust Company's controls, including, but not limited to, opening multiple Custodial Accounts, abusing promotions which Trust Company may offer from time to time, or otherwise making a material misrepresentation of Client's Custodial Account; or
- Client materially breaches the terms of this Agreement.

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Except as set forth above, Trust Company shall not suspend Client's access to the Custodial Account, and any suspension of Client's access to the Custodial Account shall constitute a breach of this Agreement.

If Trust Company suspends or closes Client's Custodial Account, or terminates Client's use of the Custodial Services for the reasons listed above, Trust Company will provide Client with notice of Trust Company's actions unless a court order or other legal or regulatory process prohibits Trust Company from providing Client with such notice. Client acknowledges that Trust Company's decision to take certain actions described in this Section 4.6 may be based on confidential criteria that are essential to Trust Company's risk management and security protocols. Client agrees that Trust Company is under no obligation to disclose the details of its risk management and security procedures to Client.

Client will be permitted to withdraw Digital Assets associated with Client's Custodial Account for ninety (90) days after Custodial Account deactivation or cancellation unless such withdrawal is otherwise prohibited (i) under the law, including but not limited to applicable sanctions programs, or (ii) by a facially valid subpoena, court order, or binding order of a government authority.

4.7. Relationship of the Parties. Nothing in this Agreement shall be deemed or is intended to be deemed, nor shall it cause, Client and Trust Company to be treated as partners, joint ventures, or otherwise as joint associates for profit, or either Client or Trust Company to be treated as the agent of the other.

4.8. Password Security; Contact Information. Client is responsible for maintaining adequate security and control of any and all IDs, passwords, hints, personal identification numbers (PINs), API keys or any other codes that Client uses to access the Custodial Services. Any loss or compromise of the foregoing information and/or Client's personal information may result in unauthorized access to Client's Custodial Account by third-parties and the loss or theft of any Digital Assets held in Client's Custodial Account. Client is responsible for keeping Client's email address and telephone number up to date in Client's Custodial Account profile in order to receive any notices or alerts that Trust Company may send Client. Trust Company **assumes no responsibility for any loss that Client may sustain due to compromise of Custodial Account login credentials due to no fault of Trust Company and/or failure to reasonably follow or act on any notices or alerts that Trust Company may send to Client in accordance with this Agreement.** In the event Client believes Client's Custodial Account information has been compromised, Client must contact Trust Company Support immediately at custody@coinbase.com.

4.9. Taxes. It is Client's sole responsibility to determine whether, and to what extent, any taxes apply to any deposits or withdrawals Client conducts through the Custodial Services, and to withhold, collect, report and remit the correct amounts of taxes to the appropriate tax authorities. Client's deposit and withdrawal history is available by accessing Client's Custodial Account through the Trust Company Site or by contacting Client's account representative.

4.10. Additional Matters. Client acknowledges and agrees that the Custodial Services may be provided from time to time by, through or with the assistance of affiliates of or vendors to Trust Company. Client shall receive notice of any material change in the entities that provide the Custodial Services. Unless Client terminates this Agreement as permitted herein, any new agreements or amended terms and conditions, associated with such change shall be governed by Sections 8.2 and 8.3 herein.

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5. TRUST COMPANY CONTACT INFORMATION AND DISPUTE RESOLUTION.

5.1. Contact Trust Company; Complaints. If Client has any feedback, questions, or complaints, Client may contact Trust Company Customer Support, located at 200 Park Avenue South, Suite 1208, New York, NY 10003, via email at custody@coinbase.com or by telephone to Trust Company at +1 (646) 760-6195.

If Client is a customer of Trust Company in the United States, Client may also direct a complaint to the attention of: New York State Department of Financial Services, One State Street, New York, NY 10004-1511; +1 (212) 480-6400. Please visit www.dfs.ny.gov for additional information.

5.2. Arbitration. THE PARTIES AGREE AS FOLLOWS:

- ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.
- ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
- THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD UNLESS, IN AN ELIGIBLE CASE, A JOINT REQUEST FOR AN EXPLAINED DECISION HAS BEEN SUBMITTED BY ALL PARTIES TO THE PANEL AT LEAST TWENTY (20) DAYS PRIOR TO THE FIRST SCHEDULED HEARING DATE.
- THE PANEL OF ARBITRATORS MAY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
- THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
- THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

THE PARTIES AGREE THAT ALL CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE USE OF THE CUSTODIAL SERVICES, WHETHER ARISING PRIOR, ON, OR SUBSEQUENT TO THE DATE HEREOF, SHALL BE ARBITRATED. ANY ARBITRATION UNDER THIS AGREEMENT SHALL BE IN ACCORDANCE WITH THE AMERICAN ARBITRATION ASSOCIATION'S RULES FOR ARBITRATION OF COMMERCIAL RELATED DISPUTES (ACCESSIBLE AT [HTTPS://WWW.ADR.ORG/SITES/DEFAULT/FILES/COMMERCIAL%20RULES.PDF](https://www.adr.org/sites/default/files/commercial%20rules.pdf)), AND THAT SUCH CONTROVERSIES ARE OTHERWISE SUBJECT TO SECTION 5.2 OF THIS AGREEMENT.

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6. REPRESENTATIONS AND WARRANTIES.

6.1. Client's Representations and Warranties. In addition to the obligations arising under this Agreement and as a condition of and in consideration of Client accessing the Custodial Services, Client represents and warrants the following:

- (i) Client operates, to Client's best knowledge, in material compliance with all applicable laws, rules, and regulations in each jurisdiction in which Client operates, including U.S. securities laws and regulations, as well as any applicable state and federal laws, including, but not limited to, U.S. efforts to fight the funding of terrorism and money laundering, and USA PATRIOT Act and Bank Secrecy Act requirements. Client further understands that any fines or penalties imposed on Trust Company as a result of a violation by Client of any applicable securities regulation or law may, at Trust Company's discretion, be passed on to Client and Client acknowledges and represents that Client will be responsible for payment to Trust Company of such fines;
- (ii) To its best knowledge, Client is currently in good standing with all relevant government agencies, departments, regulatory or supervisory bodies in all relevant jurisdictions in which Client does business and Client will immediately notify Trust Company if Client ceases to be in good standing with any regulatory authority;
- (iii) Client will reasonably cooperate with Trust Company to provide information as Trust Company may reasonably request from time to time regarding (a) Client's policies, procedures, and activities which relate to the Custodial Services in any manner, as determined by Trust Company in its reasonable discretion, and (b) any transaction which involves the use of the Custodial Services, to the extent reasonably necessary to comply with applicable law, or the guidance or direction of, or request from, any regulatory authority or financial institution, provided that such information may be redacted to remove confidential commercial information not relevant to the requirements of this Agreement;
- (iv) Client will not deposit to a Custodial Account any Digital Asset that is not supported by the Custodial Services;
- (v) Client either owns or possesses lawful authorization to transact with all Digital Assets involved in the Custody Transactions;
- (vi) Subject to Section 4.1.2, Client will not make any public statement, including any press release, media release, or blog post which mentions or refers to Trust Company or a partnership between Client and Trust Company, without the prior written consent of Trust Company;
- (vii) Client will not create or use more than one Custodial Account;
- (viii) Client has the full capacity and authority to enter into and be bound by this Agreement and the person executing or otherwise accepting this Agreement for Client has full legal capacity and authorization to do so; and
- (ix) All information provided by Client to Trust Company in the course of negotiating this Agreement and the onboarding of Client as Trust Company's customer and user of the Custodial Services is complete, true, and accurate in all material respects, and no material information has been excluded.

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6.2. Trust Company Representations and Warranties. In addition to the obligations arising under this Agreement and as a condition of and in consideration of Client's obligations under this Agreement, Trust Company represents and warrants the following:

- (i) Trust Company operates, to Trust Company's best knowledge, in material compliance with all applicable laws, rules, and regulations in each jurisdiction in which Trust Company operates, including U.S. securities laws and regulations, as well as any applicable state and federal laws, including, but not limited to, U.S. efforts to fight the funding of terrorism and money laundering, and USA PATRIOT Act and Bank Secrecy Act requirements. Trust Company further understands that any fines or penalties imposed on Client directly as a result of Trust Company's breach of the representations and warranties in this Agreement may, at Client's discretion, be passed on to Trust Company and Trust Company acknowledges and represents that Trust Company will be responsible for payment to Client of such fines;
- (ii) To its best knowledge, Trust Company is currently in good standing with all relevant government agencies, departments, regulatory or supervisory bodies in all relevant jurisdictions in which Trust Company does business, and Trust Company will immediately notify Client if Trust Company ceases to be in good standing with any regulatory authority;
- (iii) Trust Company will safekeep the Digital Assets and segregate all Digital Assets from both the (a) property of Trust Company, and (b) assets of other customers of Trust Company;
- (iv) Trust Company is a custodian of the Digital Assets stored by Client in the Custodial Account, has no right, interest, or title in such Digital Assets, and will not reflect such Digital Assets as an asset on the balance sheet of the Trust Company;
- (v) Trust Company will not, directly or indirectly, lend, pledge, hypothecate or re-hypothecate any Digital Assets;
- (vi) Except as directed by Client, Trust Company does not engage in any fractional reserve banking in connection with Client's Custodial Account, and, as such, none of the Digital Assets in Client's Custodial Account will be used by Trust Company in connection with any loan, hypothecation, lien (including, but not limited to, any mortgage, deed of trust, pledge, charge, security interest, attachment, encumbrance or other adverse claim of any kind in respect of such Digital Assets) or claim of (or by) Trust Company or otherwise transferred or pledged to any third party, without the written agreement of Client;
- (vii) Trust Company will maintain adequate capital and reserves to the extent required by applicable law;
- (viii) Trust Company possess, and will maintain, all consents, permits, licenses, registrations, authorizations, approvals and exemptions required by any governmental agency, regulatory authority or other party necessary for it to operate its business and engage in the business relating to its provision of the Custodial Services;
- (ix) Trust Company has the full capacity and authority to enter into and be bound by this Agreement and the person executing or otherwise accepting this Agreement for Trust Company has full legal capacity and authorization to do so; and
- (x) All written information provided by Trust Company to Client in the course of negotiating this Agreement and the onboarding of Client as Trust Company's customer and user of the Custodial Services is complete, true, and accurate in all material respects, and no material information has been excluded.

6.3. Notification of Adverse Change. Trust Company shall immediately notify Client if, at any time after the date of this Agreement, any of the representations, warranties under Section 6.2 and covenants made by Trust Company under this Agreement materially fail to be true and correct as if made at and as of such time. Trust Company shall describe in reasonable detail such representation, warranty or covenant affected, the circumstances giving rise to such failure and the steps Trust Company has taken or proposes to take to rectify such failure.

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7. DISCLAIMERS; INDEMNIFICATION; LIMITATION OF LIABILITY.

7.1. Computer Viruses. Trust Company shall not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect Client's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption originated from Trust Company due to its gross negligence, fraud, willful misconduct or breach of this Agreement. Client should always log into Client's Custodial Account through the Trust Company Site to review any deposits or withdrawals or required actions if Client has any uncertainty regarding the authenticity of any communication or notice.

7.2. [Reserved.]

7.3. Indemnification.

Client agrees to indemnify and hold Trust Company, its affiliates and service providers, and each of its or their respective officers, directors, agents, joint venturers, employees and representatives, harmless from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to Client's breach of this Agreement, inaccuracy in any of Client's representations or warranties in this Agreement, or Client's violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of Trust Company.

Trust Company agrees to indemnify and hold Client, its affiliates and service providers, and each of its or their respective officers, directors, agents, joint venturers, employees and representatives, harmless from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to Trust Company's breach of this Agreement, inaccuracy in any of Trust Company's representations or warranties in this Agreement, or Trust Company's knowing violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of Client;

7.4. Limitation of Liability; No Warranty. IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES AND SERVICE PROVIDERS, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES OR REPRESENTATIVES, BE LIABLE (A) FOR ANY AMOUNT GREATER THAN THE VALUE OF THE SUPPORTED DIGITAL ASSETS ON DEPOSIT IN CLIENT'S TRUST COMPANY CUSTODIAL ACCOUNT AT THE TIME OF, AND DIRECTLY RELATING TO, THE EVENTS GIVING RISE TO THE LIABILITY OCCURRED, THE VALUE OF WHICH SHALL BE DETERMINED IN ACCORDANCE WITH THE TERMS SET FORTH IN THE FEE SCHEDULE GOVERNING VALUATION OF THE SUPPORTED DIGITAL ASSET(S), (B) FOR ANY LOST PROFITS OR ANY SPECIAL, INCIDENTAL, INDIRECT, INTANGIBLE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH AUTHORIZED OR UNAUTHORIZED USE OF THE TRUST COMPANY SITE OR THE TRUST COMPANY CUSTODIAL SERVICES, OR THIS AGREEMENT, EVEN IF AN AUTHORIZED REPRESENTATIVE OF TRUST COMPANY HAS BEEN ADVISED OF OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES. THIS MEANS, BY WAY OF EXAMPLE ONLY (AND WITHOUT LIMITING THE SCOPE OF THE PRECEDING

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SENTENCE), THAT IF CLIENT CLAIMS THAT TRUST COMPANY FAILED TO PROCESS A DEPOSIT OR WITHDRAWAL PROPERLY, CLIENT'S DAMAGES ARE LIMITED TO NO MORE THAN THE VALUE OF THE SUPPORTED DIGITAL ASSETS AT ISSUE IN THE DEPOSIT OR WITHDRAWAL, AND THAT CLIENT MAY NOT RECOVER FOR LOST PROFITS, LOST BUSINESS OPPORTUNITIES, OR OTHER TYPES OF SPECIAL, INCIDENTAL, INDIRECT, INTANGIBLE, OR CONSEQUENTIAL DAMAGES IN EXCESS OF THE VALUE OF THE SUPPORTED DIGITAL ASSETS AT ISSUE IN THE DEPOSIT OR WITHDRAWAL. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES SO THE ABOVE LIMITATION MAY NOT APPLY TO CLIENT.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING PARAGRAPH, TRUST COMPANY SHALL BE LIABLE TO CLIENT FOR THE LOSS OF ANY DIGITAL ASSETS ON DEPOSIT IN CLIENT'S TRUST COMPANY CUSTODIAL ACCOUNT TO THE EXTENT THAT TRUST COMPANY CAUSED SUCH LOSS (INCLUDING IF CLIENT IS NOT ABLE TO TIMELY WITHDRAW DIGITAL ASSETS FROM THE ACCOUNT, ACCORDING TO SECTION 3), EVEN IF TRUST COMPANY MEETS ITS DUTY OF EXERCISING BEST EFFORTS AS SET FORTH IN THIS AGREEMENT, AND TRUST COMPANY SHALL BE REQUIRED TO RETURN TO CLIENT A QUANTITY EQUAL TO THE QUANTITY OF ANY SUCH LOST DIGITAL ASSETS.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE TRUST COMPANY CUSTODIAL SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRUST COMPANY SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND/OR NON-INFRINGEMENT. EXCEPT AS PROVIDED HEREIN, TRUST COMPANY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES THAT ACCESS TO THE SITE, ANY PART OF THE TRUST COMPANY CUSTODIAL SERVICES, OR ANY OF THE MATERIALS CONTAINED THEREIN, WILL BE CONTINUOUS, UNINTERRUPTED, OR TIMELY; OR BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES; OR BE SECURE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR-FREE.

IN ADDITION TO THE LIMITATIONS SPECIFIED ABOVE, FOR SO LONG THAT A COLD STORAGE ADDRESS HOLDS AN EXCESS OF ONE HUNDRED MILLION US DOLLARS (US\$100,000,000) (THE "COLD STORAGE THRESHOLD") FOR A PERIOD OF FIVE (5) CONSECUTIVE BUSINESS DAYS OR MORE WITHOUT BEING REDUCED TO THE COLD STORAGE THRESHOLD OR LOWER, TRUST COMPANY'S MAXIMUM LIABILITY FOR SUCH COLD STORAGE ADDRESS SHALL BE LIMITED TO THE COLD STORAGE THRESHOLD. AS A BEST PRACTICE, TRUST COMPANY RECOMMENDS LIMITING THE VALUE OF DIGITAL ASSETS DEPOSITED IN EACH COLD STORAGE ADDRESS TO LESS THAN EIGHTY MILLION US DOLLARS (US\$80,000,000). IF ELECTED BY CLIENT, AT NO ADDITIONAL COST TO CLIENT, TRUST COMPANY WILL PROVIDE CLIENT WITH ALL NECESSARY ASSISTANCE TO IMPLEMENT SUCH LIMITATIONS, INCLUDING NOTIFYING CLIENT IN WRITING IF THE VALUE OF DIGITAL ASSETS DEPOSITED IN A COLD STORAGE ADDRESS EXCEEDS THE COLD STORAGE THRESHOLD.

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7.5 Liability of the Manager. It is expressly understood and agreed by the parties hereto that:

- (i) this Agreement is executed and delivered on behalf of the Grayscale Investment Product by the Manager, not individually or personally, but solely as Manager of the Grayscale Investment Product in the exercise of the powers and authority conferred and vested in it;
- (ii) the representations, covenants, undertakings and agreements herein made on the part of the Grayscale Investment Product are made and intended not as personal representations, undertakings and agreements by the Manager but are made and intended for the purpose of binding only the Grayscale Investment Product;
- (iii) nothing herein contained shall be construed as creating any liability on the Manager, individually or personally, to perform any covenant of the Grayscale Investment Product either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto; and
- (iv) under no circumstances shall the Manager be personally liable for the payment of any indebtedness or expenses of the Grayscale Investment Product or be liable for the breach or failure of any obligation, duty, representation warranty or covenant made or undertaken by the Grayscale Investment Product under this Agreement or any other related document.

8. MISCELLANEOUS.

8.1. Entire Agreement. This Agreement and any addendum or attachments thereto comprise the entire understanding and agreement between Client and Trust Company as to the Custodial Services, and supersedes any and all prior discussions, agreements and understandings of any kind (including without limitation any prior versions of this Agreement), and every nature between and among Client and Trust Company. Section headings in this Agreement are for convenience only and shall not govern the meaning or interpretation of any provision of this Agreement.

8.2. Amendments. Any modification or addition to this Agreement must be in a writing signed by a duly authorized representative of each of party. Client agrees that Trust Company shall not be liable to Client or any third party for any modification or termination of the Custodial Services, or suspension or termination of Client's access to the Custodial Services, except to the extent otherwise expressly set forth herein.

8.3. Assignment. Client may not assign any rights and/or licenses granted under this Agreement without the prior written consent of Trust Company. Trust Company reserves the right to assign its rights without restriction except notice to Client, including without limitation to any Trust Company affiliates or subsidiaries, or to any successor in interest of any business associated with the Custodial Services. Any attempted transfer or assignment in violation hereof shall be null and void. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their successors and permitted assigns.

8.4. Severability. If any provision of this Agreement shall be determined to be invalid or unenforceable under any rule, law, or regulation or any governmental agency (local, state, or federal), such provision will be changed and interpreted to accomplish the objectives of the provision to the greatest extent possible under any applicable law and the validity or enforceability of any other provision of this Agreement shall not be affected.

8.5. Survival. All provisions of this Agreement which by their nature extend beyond the expiration or termination of this Agreement, including, without limitation, sections pertaining to

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suspension or termination, Custodial Account cancellation, debts owed to Trust Company, general use of the Trust Company Site, disputes with Trust Company, and general provisions, shall survive the termination or expiration of this Agreement.

8.6. Governing Law. Client agrees that the laws of the State of New York, without regard to principles of conflict of laws, will govern this Agreement and any claim or dispute that has arisen or may arise between Client and Trust Company, except to the extent governed by federal law.

8.7. Force Majeure. Trust Company shall not be liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of Trust Company, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, exchange or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or Internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which is beyond the reasonable control of Trust Company and shall not affect the validity and enforceability of any remaining provisions. For the avoidance of doubt, a cybersecurity attack, hack or other intrusion by a third party or by someone associated with Trust Company is not a circumstance that is beyond Trust Company's reasonable control, to the extent due to Trust Company's failure to comply with its obligations under this Agreement.

8.8. Non-Waiver of Rights. This agreement shall not be construed to waive rights that cannot be waived under applicable laws in the jurisdiction where Client is located.

8.9. Notices. All notices, requests and other communications to any party hereunder not covered by the Communications described in Appendix 2 hereto shall be in writing (including facsimile transmission and electronic mail ("**email**") transmission, so long as a receipt of such e-mail is requested and received) and shall be given,

if to Client, to:

Grayscale Investments, LLC
250 Park Avenue South, 5th Floor
New York, NY 10003
Attention: Michael Sonnenshein
E-mail: michael@grayscale.co

to the extent notice must be given to Grayscale Investment Product and Manager separately,

if to the Grayscale Investment Product, to:

Grayscale Digital Large Cap Fund LLC
250 Park Avenue South, 5th Floor
New York, NY 10003
Attention: Managing Director of Grayscale Investments, LLC
E-mail: michael@grayscale.co

Certain confidential information contained in this document, marked by [], has been omitted because Grayscale Digital Large Cap Fund LLC has determined that the information (i) is not material and (ii) would likely cause competitive harm to Grayscale Digital Large Cap Fund LLC if publicly disclosed.**

if to Manager, to:

Grayscale Investments, LLC
250 Park Avenue South, 5th Floor
New York, NY 10003
Attention: Managing Director of Grayscale Investments, LLC
E-mail: michael@grayscale.co

if to Trust Company, to:

Coinbase Custody Trust Company, LLC
200 Park Avenue South, Suite 1208
New York, NY 10003
E-mail: legal@coinbase.com

With a copy to

Coinbase Custody Trust Company, LLC
c/o Coinbase, Inc.
548 Market Street, #23008,
San Francisco, CA 94104

or such other address as such party may hereafter specify for the purpose by notice to the other parties hereto. Each of the foregoing addresses shall be effective unless and until notice of a new address is given by the applicable party to the other parties in writing. Notice will not be deemed to be given unless it has been received.

9. TRUST COMPANY OBLIGATIONS.

9.1. Bookkeeping. Trust Company will keep timely and accurate records as to the deposit, disbursement, investment, and reinvestment of the Digital Assets. Trust Company will maintain accurate records and bookkeeping of the Custodial Services as required by applicable law and in accordance with Trust Company's internal document retention policies, but in no event for less than seven years.

9.2. Annual Certificate and Report

- (i) Upon request of Client, which request shall occur no more than once per calendar year, Trust Company shall deliver to Client a certificate signed by a duly authorized officer, which certificate shall:
 - A. certify that Trust Company has complied, and is in compliance currently, with the provisions of this Agreement during the preceding calendar year; and
 - B. certify that the representations and warranties of Trust Company contained in Section 6.2 of this Agreement are true and correct on and as of the date of such certificate, and have been true and correct throughout the preceding year.
- (ii) For year 2020, and thereafter, no more than once per calendar year, Client shall be entitled to request that Trust Company produce or commission a new Services Organization Controls ("SOC") 1 report and SOC 2 report, and promptly deliver to Client a copy thereof by December 31 of each year. Trust Company reserves the right to combine the SOC 1 and SOC 2 reports into a comprehensive report. In the event that Trust Company does not deliver a SOC 1 Report or SOC 2 Report, as applicable, Client shall be entitled to terminate this Agreement.

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[*****]

9.3. Inspection and Auditing.

- (i) *Inspection and Auditing of Trust Company.* To the extent Trust Company may legally do so, it shall permit Client's auditors or third-party accountants, upon reasonable notice, to inspect, take extracts from and audit the records maintained pursuant to Section 9.1, take such steps as necessary to verify that satisfactory internal control system and procedures are in place, and visit and inspect the systems on which the Digital Assets are held, all at such times as Client may reasonably request. Client shall reimburse Trust Company (A) for all reasonable expenses incurred in connection with this Section 9.3, and (B) for reasonable time spent by Trust Company's employees or consultant in connection with this Section 9.3 at reasonable hourly rates to be agreed upon by Client and Trust Company.
- (ii) *Trust Company Audit Reports.* Trust Company shall, as soon as reasonably practicable after receipt of any audit report prepared by its internal or independent auditors pursuant to Trust Company's annual audit or otherwise, provide Client a copy of such report, and if such audit report reveals any material deficiencies or makes any material objections, furnish to Client a report stating the nature of such deficiencies or such objections, and describing the steps taken or to be taken to remedy the same. Such audit report will be deemed Confidential Information of Trust Company.

9.4 Change of Control. Trust Company agrees not to consummate a transaction that would constitute a Change of Control resulting in a change of Trust Company's name without providing at least 30 days written notice to Client.

"Change of Control" means:

- (i) the merger or consolidation of Trust Company with or into another person or the merger of another person with or into Trust Company, or the sale of all or substantially all the assets of Trust Company to another person, unless holders of a majority of the aggregate voting power of the outstanding equity securities of Trust Company, immediately prior to such transaction, hold securities of the surviving or transferee person that represent, immediately after such transaction, at least a majority of the aggregate voting power of the outstanding equity securities of the surviving or transferee person; or
- (ii) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the total voting power of the outstanding equity securities of Trust Company.

9.5. Material Adverse Effect. Trust Company shall give Client prompt notice of any event, occurrence, development or state of circumstances or facts that has a Material Adverse Effect. Such notice shall reasonably describe such change in business conduct, event, occurrence, development, or state of circumstances or facts.

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“Material Adverse Effect” means a material adverse effect on:

- (i) the financial condition, business, or results of operations of Trust Company;
- (ii) Trust Company’s safekeeping of the Digital Assets; or
- (iii) Trust Company’s ability to provide the services contemplated by this Agreement.

provided, however, that none of the following, either alone or in combination, will constitute, or be considered in determining whether there has been, a Material Adverse Effect: any event, change, circumstance, effect or other matter resulting from or related to (i) any outbreak or escalation of war or major hostilities or any act of terrorism, (ii) changes in any laws, GAAP or enforcement or interpretation thereof, (iii) changes that generally affect the industries and markets in which Trust Company operates, (iv) changes in financial markets, general economic conditions (including prevailing interest rates, exchange rates, commodity prices and fuel costs) or political conditions, (v) any failure, in and of itself, of Trust Company to meet any published or internally prepared projections, budgets, plans or forecasts of revenues, earnings or other financial performance measures or operating statistics (it being understood that the facts and circumstances underlying any such failure that are not otherwise excluded from the definition of a “Material Adverse Effect” may be considered in determining whether there has been a Material Adverse Effect), or (vi) any action taken in accordance with this Agreement or at the written request of, or consented in writing to by, Client.

Any such notice of notice of a Material Adverse Effect (including the existence thereof) shall constitute the Confidential Information of Trust Company and shall be subject to the Confidentiality provisions of this Agreement.

9.6. Insurance. Trust Company has insurance coverage as a subsidiary under its parent company, Coinbase Global, Inc., which procures fidelity (aka crime) insurance to protect the organization from risks such as theft of funds.

9.7. Business Continuity Plan. Trust Company has established a business continuity plan that will support its ability to conduct business in the event of a significant business disruption (“SBD”). This plan is reviewed and updated annually, and can be updated more frequently, if deemed necessary by Trust Company in its sole discretion. Should Trust Company be impacted by an SBD, Trust Company aims to minimize business interruption as quickly and efficiently as possible. To receive more information about Trust Company’s business continuity plan, please send a written request to security@coinbase.com.

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IN WITNESS WHEREOF, this Agreement is executed as of July 29, 2019.

**COINBASE CUSTODY TRUST
COMPANY, LLC**

BY: /S/ SAM MCINGVALE
NAME: SAM MCINGVALE
TITLE: CHIEF EXECUTIVE OFFICER

GRAYSCALE INVESTMENTS, LLC

BY: /S/ MICHAEL SONNENSHEIN
NAME: MICHAEL SONNENSHEIN
TITLE: MANAGING DIRECTOR

GRAYSCALE DIGITAL LARGE CAP FUND LLC

BY: GRAYSCALE INVESTMENTS, LLC,
THE MANAGER

BY: /S/ MICHAEL SONNENSHEIN
NAME: MICHAEL SONNENSHEIN
TITLE: MANAGING DIRECTOR

[Signature Page to Custodial Services Agreement]

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APPENDIX 1: PROHIBITED USE, PROHIBITED BUSINESSES AND CONDITIONAL USE

Prohibited Use

Client may not use Client's Custodial Account to engage in the following categories of activity ("**Prohibited Uses**"). The Prohibited Uses extend to any third party that gains access to the Custodial Services through Client's account or otherwise, regardless of whether such third party was authorized or unauthorized by Client to use the Custodial Services associated with the Custodial Account. The specific types of use listed below are representative, but not exhaustive. If Client is uncertain as to whether or not Client's use of Custodial Services involves a Prohibited Use, or have questions about how these requirements applies to Client, please contact Trust Company at custody@coinbase.com. By opening a Custodial Account, Client confirms that Client will not use Client's Custodial Account to do any of the following:

- **Unlawful Activity:** Activity which would violate, or assist in violation of, any law, statute, ordinance, or regulation, sanctions programs administered in the countries where Trust Company conducts business, including, but not limited to, the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), or which would involve proceeds of any unlawful activity; publish, distribute or disseminate any unlawful material or information or money laundering, fraud, blackmail, extortion, ransom data, the financing of terrorism, other violent activities or any prohibited market practices.
- **Abusive Activity:** Actions which impose an unreasonable or disproportionately large load on Trust Company's infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data, or information; transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs; attempt to gain unauthorized access to the Site, other Custodial Accounts, computer systems or networks connected to the Site, through password mining or any other means; use Custodial Account information of another party to access or use the Site; or transfer Client's Custodial Account access or rights to Client's Custodial Account to a third party, unless by operation of law or with the express permission of Trust Company.
- **Abuse Other Users:** Interfere with another Trust Company user's access to or use of any Custodial Services; defame, abuse, extort, harass, stalk, threaten or otherwise violate or infringe the legal rights (such as, but not limited to, rights of privacy, publicity and intellectual property) of others; incite, threaten, facilitate, promote, or encourage hate, racial intolerance, or violent acts against others; harvest or otherwise collect information from the Site about others, including, without limitation, email addresses, without proper consent.
- **Fraud:** Activity which operates to defraud Trust Company, Trust Company users, or any other person; provide any false, inaccurate, or misleading information to Trust Company.
- **Gambling:** Lotteries; bidding fee auctions; sports forecasting or odds making; fantasy sports leagues with cash prizes; Internet gaming; contests; sweepstakes; games of chance.
- **Intellectual Property Infringement:** Engage in transactions involving items that infringe or violate any copyright, trademark, right of publicity or privacy or any other proprietary right under the law, including but not limited to sales, distribution, or access to counterfeit music, movies, software, or other licensed materials without the appropriate authorization from the rights holder; use of Trust Company intellectual property, name, or logo, including use of Trust Company trade

Appendix 1-1

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or service marks, without express consent from Trust Company or in a manner that otherwise harms Trust Company, or Trust Company's brand; any action that implies an untrue endorsement by or affiliation with Trust Company.

- **Written Policies:** Client may not use the Custodial Account or the Custodial Services in a manner that violates, or is otherwise inconsistent with, any operating instructions promulgated by Trust Company.

Prohibited Businesses

Although Trust Company may offer a Custodial Account to any entity that can successfully create an account in accordance with the terms of the Agreement, the following categories of businesses, business practices, and sale items are barred from the Custodial Services ("**Prohibited Businesses**"). The specific types of use listed below are representative, but not exhaustive. If Client is uncertain as to whether or not Client's use of the Custodial Services involves a Prohibited Business, or have questions about how these requirements apply to Client, please contact us at custody@coinbase.com.

By opening a Custodial Account, Client confirm that Client will not use the Custodial Services in connection with any of following businesses, activities, practices, or items:

- **Restricted Financial Services:** Check cashing, bail bonds, collections agencies.
- **Intellectual Property or Proprietary Rights Infringement:** Sales, distribution, or access to counterfeit music, movies, software, or other licensed materials without the appropriate authorization from the rights holder.
- **Counterfeit or Unauthorized Goods:** Unauthorized sale or resale of brand name or designer products or services; sale of goods or services that are illegally imported or exported or which are stolen.
- **Regulated Products and Services:** Marijuana dispensaries and related businesses; sale of tobacco, e-cigarettes, and e-liquid; online prescription or pharmaceutical services; age-restricted goods or services; weapons and munitions; gunpowder and other explosives; fireworks and related goods; toxic, flammable, and radioactive materials; products and services with varying legal status on a state-by-state basis.
- **Drugs and Drug Paraphernalia:** Sale of narcotics, controlled substances, and any equipment designed for making or using drugs, such as bongs, vaporizers, and hookahs.
- **Pseudo-Pharmaceuticals:** Pharmaceuticals and other products that make health claims that have not been approved or verified by the applicable local and/or national regulatory body.
- **Substances designed to mimic illegal drugs:** Sale of a legal substance that provides the same effect as an illegal drug (e.g., salvia, kratom).
- **Adult Content and Services:** Pornography and other obscene materials (including literature, imagery and other media); sites offering any sexually-related services such as prostitution, escorts, pay-per view, adult live chat features.
- **Multi-level Marketing:** Pyramid schemes, network marketing, and referral marketing programs.

Appendix 1-2

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- **Unfair, Predatory or Deceptive Practices:** Investment opportunities or other services that promise high rewards; sale or resale of a service without added benefit to the buyer; resale of government offerings without authorization or added value; sites that we determine in our sole discretion to be unfair, deceptive, or predatory towards consumers.
- **Gambling Services.**
- **Weapons Manufacturers/Vendors.**
- **Hate Groups.**
- **Money Services:** Gift cards; prepaid cards; sale of in-game currency unless the merchant is the operator of the virtual world; act as a payment intermediary or aggregator or otherwise resell any of the Custodial Services.
- **Crowdfunding.**
- **High-risk Businesses:** any businesses that we believe pose elevated financial risk or legal liability.

Conditional Use

Express written consent and approval from Trust Company must be obtained prior to using Custodial Services for the following categories of business and/or use (“**Conditional Uses**”). Consent may be requested by contacting us at custody@coinbase.com. Trust Company may also require Client to agree to additional conditions, make supplemental representations and warranties, complete enhanced on-boarding procedures, and operate subject to restrictions if Client uses the Custodial Services in connection with any of following businesses, activities, or practices:

- **Charities:** Acceptance of donations for nonprofit enterprise.
- **Games of Skill:** Games which are not defined as gambling under this Agreement or by law, but which require an entry fee and award a prize.
- **Religious/Spiritual Organizations:** Operation of a for-profit religious or spiritual organization.
- **Digital Currency Services:** Operation of a Bitcoin (“**BTC**”) ATM, BTC mining, BTC exchange, or other high-risk Digital Currency service.

Appendix 1-3

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APPENDIX 2: E-SIGN DISCLOSURE AND CONSENT

This policy describes how Trust Company delivers communications to Client electronically. Trust Company may amend this policy at any time by providing a notice.

Electronic Delivery of Communications

Client agrees and consents to receive electronically all communications, agreements, documents, notices and disclosures (collectively, “**Communications**”) that Trust Company provides in connection with Client’s Custodial Account and Client’s use of Custodial Services. Communications include:

- Terms of use and policies Client agrees to (*e.g.*, the Agreement and any addendum thereto), including updates to these agreements or policies;
- Custodial Account details, history, transaction receipts, confirmations, and any other Custodial Account, deposit, withdrawal or transfer information;
- Legal, regulatory, and tax disclosures or statements we may be required to make available to Client; and
- Responses to claims or customer support inquiries filed in connection with Client’s Custodial Account.

We will provide these Communications to Client by posting them on the Site, emailing them to Client at the primary email address on file with Trust Company, communicating to Client via instant chat, and/or through other electronic communication.

Hardware and Software Requirements

In order to access and retain electronic Communications, Client will need the following computer hardware and software:

- A device with an Internet connection;
- A current web browser that includes 128-bit encryption (*e.g.*, Internet Explorer version 9.0 and above, Firefox version 3.6 and above, Chrome version 31.0 and above, or Safari 7.0 and above) with cookies enabled;
- A valid email address (Client’s primary email address on file with Trust Company); and
- Sufficient storage space to save past Communications or an installed printer to print them.

How to Withdraw Client’s Consent

Client may withdraw Client’s consent to receive Communications electronically by contacting Trust Company at custody@coinbase.com. If Client fails to provide or if Client withdraws Client’s consent to receive Communications electronically, Trust Company reserves the right to immediately close Client’s Custodial Account or charge Client additional fees for paper copies.

Appendix 2-1

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Updating Client's Information

It is Client's responsibility to provide Trust Company with a true, accurate, and complete e-mail address and Client's contact information, and to keep such information up to date. Client understands and agrees that if Trust Company sends Client an electronic Communication but Client does not receive it because Client's primary email address on file is incorrect, out of date, blocked by Client's service provider, or Client is otherwise unable to receive electronic Communications, Trust Company will be deemed to have provided the Communication to Client.

Client may update Client's information by logging into Client's Custodial Account and visiting settings or by contacting the Custody support team at custody@coinbase.com.

Appendix 2-2

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Schedule A

[*****]

Schedule A-1

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Schedule B

[*****]

Schedule B-1

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Schedule C

[*****]

Schedule C-1

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Exhibit A

Trust Company Trademark and Logo

Trademark: Coinbase Custody

Logo: [To be provided]

Pre-Approved Marketing Content

“Coinbase Custody Trust Company, LLC is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940, as amended.”

Client may make factually accurate statements (in accordance with Section 4.1.2 of the Agreement) limited to describing the Custodial Services provided by Trust Company to Client, which contain the information in the statement above; provided, however, that Client may not make any statements (A) implying that Trust Company is listing, buying, trading, issuing, selling, offering for sale, distributing or promoting any investment products (including without limitation, Digital Assets, fiat currency, securities, commodities, trading products, derivatives, structured products, investment funds, investment portfolios, commodity pools, swaps, securitizations or synthetic products), including where the price, return, outcome, and/or performance of the investment product is based on, derived from, or related to Trust Company, or (B) implying any indorsement or assessment by Trust Company of the quality of Client’s Digital Assets or Client’s business, without Trust Company’s written agreement.

[*****]

Exhibit A-1

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MASTER DISTRIBUTION AND MARKETING AGREEMENT

MASTER DISTRIBUTION AND MARKETING AGREEMENT dated as of November 15, 2019 (this “**Agreement**”) among Grayscale Investments, LLC, a Delaware limited liability company (the “**Sponsor**”) the investment products sponsored or managed by the Sponsor listed on Schedule A hereto, as amended from time to time (each a “**Product**” and together the “**Products**”), and Genesis Global Trading, Inc., a Delaware corporation (the “**Distributor and Marketer**”) (each, a “**Party**” and together, the “**Parties**”).

WHEREAS, the Sponsor serves as the sponsor or manager of the Products; and

WHEREAS, the Sponsor, on behalf of each Product, wishes to engage the Distributor and Marketer in connection with the performance of the services listed in Schedule B and additional services as may be agreed for each Product.

NOW, THEREFORE, in consideration of the mutual promises and undertakings herein contained, the Parties agree as follows:

- 1. Documents** – Each Product has furnished or will furnish, upon request, to the Distributor and Marketer copies of such Product’s constituent documents, agreements with its service providers and Confidential Private Placement Memorandum, as amended (its “**Memorandum**”). Each Product shall furnish, within a reasonable time period, to the Distributor and Marketer a copy of any amendment or supplement to any of the above-mentioned documents. Upon request, each entity shall furnish promptly to the Distributor and Marketer any additional documents necessary or advisable to perform its functions hereunder.
- 2. Compliance with Rules and Regulations**—In carrying out its responsibilities under this Agreement, the Distributor and Marketer, including its employees and delegates, shall act in a manner consistent with the reasonable instructions of the Sponsor and comply with all applicable laws in all material respects, including, without limitation, securities laws, of each jurisdiction in which the Distributor and Marketer proposes to carry on the business contemplated by this Agreement. Without limiting the foregoing, each of the Distributor and Marketer, each Product, and the Sponsor have not taken and shall not take any action or omit to take any action that would cause the Distributor and Marketer, each Product, or the Sponsor to be in violation of, or to lose any applicable exemption from registration under, the Securities Act of 1933, as amended (the “**1933 Act**”), the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), and the rules and regulations promulgated thereunder, the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), or the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and the rules and regulations promulgated thereunder. The Distributor and Marketer represents and warrants that it has sufficient familiarity with the 1933 Act, the 1934 Act, the Investment Company Act, and the Advisers Act to carry out its duties under this Agreement in compliance with the preceding sentence.
- 3. Authorized Representations**—The Distributor and Marketer is not authorized by any of the Products to give any information or to make any representations other than those contained in such Product’s Memorandum, or contained in other material that may be prepared by or on behalf of such Product for the Distributor and Marketer’s use. Consistent with the foregoing, and subject to paragraph 9 below, the Distributor and Marketer may prepare and distribute marketing literature or other material as it may deem appropriate in consultation with the Sponsor, provided such marketing literature and its distribution complies with applicable law and regulations.
- 4. Fees and Product Expenses**—(a) In consideration of the services to be performed by the Distributor and Marketer hereunder as set forth on Schedule B attached hereto and as it may be amended from time-to-time, the Sponsor will pay the Distributor and Marketer a fee in an amount to be agreed upon in writing by the Parties hereto from time-to-time, subject to any limitation imposed by any law, rule or regulation applicable to any of the Parties hereto.

(b) The Sponsor shall reimburse the Distributor and Marketer for any reasonable fees or disbursements incurred by the Distributor and Marketer in connection with the performance by the Distributor and Marketer of its duties under and pursuant to this Agreement with the prior written consent of the Sponsor. Further, unless otherwise agreed to by the Parties hereto in writing, the Distributor and Marketer shall not be responsible for fees and expenses in connection with (i) preparing, printing and mailing each Product's Memorandum, and any supplements thereto, to existing shareholders (ii) preparing, setting in type, printing and mailing any report or other communication to shareholders of such Product, and (iii) the Blue Sky registration and qualification of shares for sale in the various states in which the officers of the Sponsor shall determine it advisable to qualify such shares for sale (including registering such Product as a broker or dealer or any officer of such Product as agent or salesman in any state).

5. Use of the Distributor and Marketer's Name—No Product shall not use the name of the Distributor and Marketer, or any of its affiliates, in its Memorandum, marketing literature, and other material relating to such Product in any manner without the prior consent of the Distributor and Marketer (which shall not be unreasonably withheld); *provided, however*, that the Distributor and Marketer hereby approves all lawful uses of the names of the Distributor and Marketer, including its affiliates, in such Product's Memorandum and in all other materials which merely refer in accurate terms to their appointment hereunder, or which are required under any applicable law, rule or regulation.

6. Use of the Product's Name—Neither the Distributor and Marketer nor any of its affiliates shall use the name of any Product in any publicly disseminated materials, including marketing literature in any manner without the prior consent of such Product (which shall not be unreasonably withheld); *provided, however*, that such Product hereby approves all lawful uses of its name in any required regulatory filings of the Distributor and Marketer which merely refer in accurate terms to the appointment of the Distributor and Marketer hereunder, or which are required under any applicable law, rule or regulation.

7. Authorization—Each Party represents and warrants, severally and not jointly, that this Agreement has been duly authorized, executed, and delivered by each Party, is a valid and binding agreement, and is enforceable in accordance with its terms. The provision of the services contemplated herein will not result in any breach of any of the terms or conditions of or constitute a default under any agreement or instrument to which any Party is a party, or by which any Party is bound or, to the best of its knowledge, any law, in each case the violation or breach of which would cause material harm to the Parties.

8. Indemnification—Each Product, as the primary obligor (and the Sponsor, as secondary obligor), agrees to indemnify and hold harmless the Distributor and Marketer and each of its directors and officers and each person, if any, who controls the Distributor and Marketer within the meaning of the 1933 Act, against any loss, liability, claim, damages or expenses (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the its Memorandum or other information included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading. However, each Product, as the primary obligor (and the Sponsor, as secondary obligor), does not agree to indemnify the Distributor and Marketer or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to such Product by or on behalf of the Distributor and Marketer. In no case (i) is the indemnity of such Product, as the primary obligor (and the Sponsor, as secondary obligor), in favor of the Distributor and Marketer or any person indemnified to be deemed to protect the Distributor

and Marketer or any person against any liability to such Product or its security holders to which the Distributor and Marketer or such person would otherwise be subject by reason of fraud, gross negligence, bad faith, or willful misfeasance in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is such Product, as the primary obligor (and Sponsor, as secondary obligor) to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Distributor and Marketer or any person indemnified unless the Distributor and Marketer or person, as the case may be, shall have notified such Product in writing of the claim promptly after the summons or other first written notification giving information of the nature of the claims shall have been served upon the Distributor and Marketer or any such person (or after the Distributor and Marketer or such person shall have received notice of service on any designated agent). However, failure to notify such Product of any claim shall not relieve such Product (and the Sponsor) from any liability which it may have to any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. Each Product, as applicable, shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, and if such Product elects to assume the defense, the defense shall be conducted by counsel chosen by such Product. In the event such Product elects to assume the defense of any suit and retain counsel, the Distributor and Marketer, officers or directors or controlling person(s), defendant(s) in the suit, shall bear the fees and expenses of any additional counsel retained by them. If such Product does not elect to assume the defense of any suit, it will reimburse the Distributor and Marketer, officers or directors or controlling person(s) or defendant(s) in the suit for the reasonable fees and expenses of any counsel retained by them. Each Product agrees to notify the Distributor and Marketer promptly of the commencement of any litigation or proceeding against it or any of its officers in connection with the issuance or sale of any of the shares.

The Distributor and Marketer also covenants and agrees that it will indemnify and hold harmless each Product, the Sponsor, and each of their respective officers, representatives or agents and person, if any, who controls such Product or the Sponsor within the meaning of the 1933 Act (each, an “**Indemnified Party**”), against any loss, liability, damages, claims or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares of such Product, alleging (a) any violation of any applicable law by the Distributor and Marketer or any of its employees or (b) that any marketing literature, advertisements, information, statements or representations used or made by the Distributor and Marketer or any of its affiliates or employees or that such Product’s Memorandum included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with, information furnished to such Product or Sponsor by or on behalf of the Distributor and Marketer. In no case (i) is the indemnity of the Distributor and Marketer in favor of and Indemnified Party to be deemed to protect any such party against any liability to which the Indemnified Party would otherwise be subject by reason of fraud, gross negligence, bad faith, or willful misfeasance in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Distributor and Marketer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against any Indemnified Party unless such Indemnified Party shall have notified the Distributor and Marketer in writing of the claim promptly after the summons or other first written notification giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of service on any designated agent). However, failure to notify the Distributor and Marketer of any claim shall not relieve the Distributor and Marketer from any liability which it may have to the Indemnified Party against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to the Distributor and Marketer it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, and if the Distributor and Marketer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Indemnified Party, to its officers and to any controlling person(s) or defendant(s) in the suit. In the event that the Distributor and Marketer elects to assume the defense of any suit and retain counsel, the Indemnified Party or controlling person(s), defendant(s) in the suit, shall bear the fees and

expense of any additional counsel retained by them. If the Distributor and Marketer does not elect to assume the defense of any suit, it will reimburse the Indemnified Party, officers or controlling person(s), defendant(s) in the suit, for the reasonable fees and expenses of any counsel retained by them. The Distributor and Marketer agrees to notify the Indemnified Party promptly of the commencement of any litigation or proceedings against it in connection with the Indemnified Party and sale of any of the shares.

9. Supplemental Information—The Distributor and Marketer and the Sponsor shall regularly consult with each other regarding the Distributor and Marketer's performance of its obligations under this Agreement.

The Distributor and Marketer acknowledges that the only information provided to it by each Product is that contained in such Product's Memorandum. Neither the Distributor and Marketer nor any other person is authorized by each Product to give any information or to make any representations, other than those contained in such Product's Memorandum and any marketing literature or advertisements specifically approved by appropriate representatives of such Product.

10. Distributor and Marketer's Registration—The Distributor and Marketer is and shall remain registered as a broker-dealer under the 1934 Act, and a member in good standing of the Financial Industry Regulatory Authority, Inc. throughout the duration of this Agreement. It is understood that the Distributor and Marketer will not open or maintain customer accounts or handle orders for any Product. The Distributor and Marketer further represents and covenants that its employees will comply with all applicable laws, rules and regulations in connection with the marketing of each Product as contemplated under Schedule B hereto, and its employees' oral and written disclosure concerning each Product will be substantially in accord with the form and content of such Product's Memorandum.

11. Term—This Agreement shall become effective as of the date hereof and shall continue until one year from such date and thereafter shall continue automatically for successive annual periods, provided that such continuance is specifically approved at least annually by the Sponsor. This Agreement is terminable without penalty on sixty (60) days' written notice by the Sponsor or by the Distributor and Marketer.

Upon the termination of this Agreement, the Distributor and Marketer, at each Product's expense and direction, shall transfer to such successor as such Product shall specify all relevant books, records and other data established or maintained by the Distributor and Marketer under this Agreement.

12. Notice—Any notice required or permitted to be given by either Party to the other shall be deemed sufficient if sent by (i) email to an email address previously confirmed by the other Party to be an email address appropriately designated for receipt of notices pursuant to this agreement (ii) telecopier (fax) or (iii) registered or certified mail, postage prepaid, addressed by the Party giving notice to the other Party at the last address furnished by the other Party to the Party giving notice:

if to any Product at:

c/o Grayscale Investments, LLC
250 Park Avenue South
New York, New York, 10003 Attn: Michael Sonnenshein

if to the Sponsor at:

250 Park Avenue South
New York, New York, 10003 Attn: Michael Sonnenshein

if to the Distributor and Marketer at: 250 Park Avenue South
New York, New York, 10003
Attn: Arianna Pretto-Sakmann

or such other telecopier (fax) number or address as may be furnished by one Party to the other.

13. Confidential Information—The Distributor and Marketer, its officers, directors, employees and agents will treat confidentially and as proprietary information of each Product and the Sponsor all records and other information relative to such Product and the Sponsor and to prior or present shareholders or to those persons or entities who respond to the Distributor and Marketer's inquiries concerning investment in such Product (together, the "**Confidential Information**"), and will not use the Confidential Information for any purposes other than performance of its responsibilities and duties hereunder. If the Distributor and Marketer is requested or required by, but not limited to, depositions, interrogatories, requests for information or documents, subpoena, civil investigation, demand or other action, proceeding or process or as otherwise required by law, statute, regulation, writ, decree or the like to disclose Confidential Information, the Distributor and Marketer will provide each Product and the Sponsor, as applicable, with prompt written notice of any such request or requirement so that such Product or the Sponsor may seek an appropriate protective order or other appropriate remedy and/or waive compliance with this provision. If such order or other remedy is not sought, or obtained, or waiver not received within a reasonable period following such notice, then the Distributor and Marketer may without liability hereunder, disclose to the person, entity or agency requesting or requiring the information, that portion of the Confidential Information that is legally required in the reasonable opinion of the Distributor and Marketer's counsel. Notwithstanding any provision to the contrary contained herein, Distributor and Marketer may disclose, without notice to Sponsor, such information pursuant to a request or regular or routine inspection by a governmental or regulatory agency.

14. Limitation of Liability—The Distributor and Marketer agrees that the obligations assumed by each Product under this contract shall be limited in all cases to such Product and its assets except as expressly set forth herein. The Distributor and Marketer agrees that it shall not seek satisfaction of any such obligation from the shareholders, any individual shareholder, officer, representative or agent of such Product.

15. Miscellaneous—Each Party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof. This Agreement shall be construed, interpreted, and enforced in accordance with and governed by the laws of the State of New York. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may not be changed, waived, discharged or amended except by written instrument that shall make specific reference to this Agreement and which shall be signed by the Party against which enforcement of such change, waiver, discharge or amendment is sought. This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized persons, all as of the day and year first above written.

GRAYSCALE INVESTMENTS, LLC,
as Sponsor

By: /s/ Michael Sonnenshein
Name: Michael Sonnenshein
Title: Managing Director

**THE ENTITIES LISTED ON
SCHEDULE A HERETO**

By: GRAYSCALE INVESTMENTS, LLC,
as sponsor or manager of each of the entities
listed on Schedule A hereto

By: /s/ Michael Sonnenshein
Name: Michael Sonnenshein
Title: Managing Director

GENESIS GLOBAL TRADING, INC.,
as Distributing and Marketing Agent

By: /s/ Arianna Pretto-Sakmann
Name: Arianna Pretto-Sakmann
Title: General Counsel

[Signature page to Distribution and Marketing Agreement]

Schedule A

<u>Product</u>	<u>Governing Document</u>
1. Grayscale Bitcoin Trust (BTC), a Delaware statutory trust formed as of September 25, 2013	Fifth Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Bitcoin Trust (BTC), dated September 12, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
2. Grayscale Bitcoin Cash Trust (BCH), a Delaware statutory trust formed as of January 26, 2018	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Bitcoin Cash Trust (BCH), dated March 1, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
3. Grayscale Ethereum Trust (ETH), a Delaware statutory trust formed as of December 13, 2017	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Ethereum Trust (ETH), dated July 3, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
4. Grayscale Ethereum Classic Trust (ETC), a Delaware statutory trust formed as of April 18, 2017	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Ethereum Classic Trust (ETC), dated February 28, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
5. Grayscale Horizen Trust (ZEN), a Delaware statutory trust formed as July 3, 2018	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Horizen Trust (ZEN), dated August 6, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
6. Grayscale Litecoin Trust (LTC), a Delaware statutory trust formed as of January 26, 2018	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Litecoin Trust (LTC), dated March 1, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
7. Grayscale Stellar Lumens Trust (XLM), a Delaware statutory trust formed as of October 26, 2018	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Stellar Lumens Trust (XLM), dated December 4, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
8. Grayscale XRP Trust (XRP), a Delaware statutory trust formed as of February 26, 2018	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale XRP Trust (XRP), dated March 1, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
9. Grayscale Zcash Trust (ZEC), a Delaware statutory trust formed as of October 3, 2017	Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Zcash Trust (ZEC), dated July 3, 2018, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as amended by Amendment No. 1 thereto and as the same may be further amended from time to time.
10. Grayscale Digital Large Cap Fund LLC, a Cayman Islands limited liability company formed as of January 25, 2018	Amended and Restated Limited Liability Company Agreement of Grayscale Digital Large Cap Fund LLC, dated February 1, 2018, by and among Grayscale Investments, LLC, as the same may be amended from time to time.

Schedule B

List of Services

The Distributor and Marketer shall perform the following services for each Product:

- Create an online website, to be hosted on Distributor and Marketer's platform, through which marketing materials of each Product may be distributed and accessed.
- Facilitate sales calls by Distributor and Marketer's registered representatives to the person(s) and entity(s) targeted by the ongoing marketing/sales campaign for each Product ("**Target Audience**").
- Conduct Outreach to the Target Audience through email and other electronic communications.
- Promote each Product to suitable users of the Distributor and Marketer's platform.
- Promote each Product using social and digital media.
- Respond to questions about the Sponsor's marketing materials as soon as reasonably practicable and direct all other questions to the Sponsor.
- Perform such additional distribution and marketing related services as may be agreed among the parties from time to time.

Certain confidential information contained in this document, marked by [**], has been omitted because Grayscale Digital Large Cap Fund LLC has determined that the information (i) is not material and (ii) would likely cause competitive harm to Grayscale Digital Large Cap Fund LLC if publicly disclosed.



TradeBlock, Inc.
156 5th Ave, 7th Floor
New York, NY 10010

TradeBlock Master Index License Agreement

This Master Index License Agreement (the “Agreement”) is made as of the February 28, 2019 (the “Effective Date”) by and between TradeBlock, Inc., a Delaware corporation, having its principal place of business at 156 5th Ave, 7th Floor, New York, NY 10010 (“TradeBlock”) and Grayscale Investments, LLC, a Delaware limited liability company (“Company”) having a place of business at 250 Park Avenue South, New York, NY 10003 acting as sponsor or manager of the entities listed on Exhibit A hereto (each a “Entity” and collectively the “Entities”) and supersedes any prior License Agreement between TradeBlock and the Company. Each of the parties hereto may be referred to herein collectively as the “Parties” or each, a “Party.”

1. Services. Subject to the terms hereunder, TradeBlock will provide to Company: access to TradeBlock’s indexes (each a “Licensed Index” and collectively the “Licensed Indexes”) and related services as specified on the Order Form attached hereto as **Exhibit B** (the “Order Form”). Provision of the Licensed Indexes or other directly related services provided hereunder will be collectively referred to as the “Services.”

2. Fees and Payments. Company agrees to pay the fees as set forth on the Order Form attached hereto and as otherwise set forth herein (and/or in any Order Form) in accordance with the payment terms in this Agreement. Unless otherwise set forth in the Order Form, invoices for any Services shall be payable net thirty (30) days from the invoice date. A [**] percent ([**]%) monthly service charge or the highest amount permissible by law, if less, is payable on all overdue balances that are outstanding more than thirty (30) days after the date of the invoice. The service charge is in addition to the overdue balance. All fees are exclusive of, and Company is responsible for paying, reimbursable expenses, and applicable federal, state and local sales, use, excise or other applicable taxes other than taxes on the net income of TradeBlock. TradeBlock may add any such taxes to invoices submitted to Company by TradeBlock.

3. Term. This Agreement shall be effective from the Effective Date above and continue through the end date set forth in the Order Form and automatically renew on a yearly basis thereafter, subject to any termination rights set forth herein.

4. Termination. Either party may terminate this Agreement immediately upon written notice to the other party in the event such other party has committed a material breach of this Agreement that remains uncured thirty (30) days after initial written notice of such breach. Upon termination, Company shall remove any materials, tags and code placed on Company’s website as part of the Services. Notwithstanding the foregoing or anything else to the contrary herein or otherwise, if either Party (A) holds any meeting with or proposes to enter into or has proposed to it

any arrangement or composition with its creditors; (B) has a receiver, administrator, or other encumbrancer take possession of, or appointed over or has any distress, execution or other process levied or enforced (and not discharged within 60 days) upon the whole or substantially all of, its assets; (C) ceases or threatens to cease to carry on business or becomes unable to pay its debts; or (D) suffers any analogous event, the other Party shall have the right to terminate this Agreement immediately upon notice. In addition to the foregoing, any violation by either Company of money transmission, taxation or trading regulations as dictated by FinCEN, the SEC, CFTC, IRS or otherwise that materially adversely affects either party’s ability to perform its obligations under this Agreement is grounds for such party’s immediate termination of this Agreement.

5. Use of Brands; Marketing. Each party may use the other party’s name, trade name, trademarks and icons (collectively, the “Brands”) solely (a) in connection with the Services provided hereunder and only for so long as this Agreement remains in effect and (b) for certain marketing and promotional purposes as mutually agreed upon in advance in writing by both parties. In addition, TradeBlock may identify Company as a customer of TradeBlock and describe the Services used by Company and Company’s experience with such Services, and TradeBlock may develop and make available a case study, magazine article, video, press release (including a win release announcement) and/or podcast related to Company’s use of the Services (the “Content”); provided, however, that such Content may not be publicly used or distributed without prior written consent of the Company. In the event that a Party notifies the other Party of any incorrect usage of its Brands, the notified Party shall promptly correct such usage. All use of a Party’s Brands by the other Party shall inure to the benefit of the party owning the Brands and such owning party shall be the sole party entitled to register its Brands.

6. License Grant; Restrictions.

6.1 Subject to Company’s payment and other obligations and restrictions herein, TradeBlock hereby grants to Company during the term of this Agreement (i) a limited, revocable, non-exclusive, non-transferable, non-sub

licensable license [**] to access and use the Services and any software provided by TradeBlock to access those Services, solely for commercial purposes of (as applicable) (a) calculating the share price of the Entities and (b) providing related information to clients, custodians, or administrators of the Entities. [**]

6.2 All rights not expressly licensed to Company hereunder are reserved to TradeBlock, including without limitation all ownership and proprietary rights in TradeBlock's technology and Services. Company agrees that its rights in and to TradeBlock's technology and Services are limited to the license rights set forth in this Section 6.1 above and in any Order Form. Company will not claim ownership or proprietary rights in TradeBlock's technology or Services.

6.3 Company acknowledges and agrees that Company's rights in and to TradeBlock's Intellectual Property (as defined in Section 9) are solely as described in Sections 5 and 6.1 above and do not include any rights of ownership in any of TradeBlock's Intellectual Property. Company shall not misappropriate any of TradeBlock's software, technology or other services or use the Services, or, permit enable or assist any third party to create competing products or services, or, change or modify TradeBlock's Intellectual Property unless otherwise agreed to by TradeBlock in a signed writing.

7. Acceptable Use of the Services; Company's Responsibility of its Employees' use of the Services; Regulatory Issues.

7.1 Company agrees that it will not (a) modify, copy, decompile, disassemble or reverse engineer, or cause any other party to modify, copy, decompile, disassemble or reverse engineer, TradeBlock's software, technology and/or other services; (b) except as otherwise permitted hereby, including in an Order Form, sublicense any of TradeBlock's Intellectual Property to third parties or sell, resell, rent, sublicense or lease the Services to third parties; (c) otherwise violate the license grant or restrictions set forth in Section 6 above; (d) knowingly use the Services to store or transmit malicious code; (e) interfere with or disrupt the

integrity or performance of the Services or third-party data contained therein, (f) attempt to gain unauthorized access to the Services or their related systems or networks; (g) alter, copy, move or delete any tags or code placed as part of the Services; (h) place tags containing TradeBlock's Intellectual Property on website pages unless such placement is pre-approved by TradeBlock in writing.

7.2 Company shall take full responsibility of, and shall be liable for, any misuse or misappropriation of the Services by its employees in connection with their employment by the Company.

7.3 The Licensed Indexes are based on various inputs which may include spot currency exchange rates, over-the-counter trade data, derivative instrument pricing, or data from other related financial products. TradeBlock does not guarantee the validity of any of these inputs, which may be subject to technological error, manipulative activity, or fraudulent reporting from their initial source.

8. Company's Compliance with Laws and Terms. Company shall (a) be responsible for its employees and agents that use the Services provided hereunder; (b) comply with any provisions, limitations or restrictions set forth in an Order Form; and (c) use the Services in compliance with Applicable Law. For purposes of this Agreement, "Applicable Law" shall mean all laws, rules, regulations, treaties (and similar governmental obligations), including local, national and multinational, that are applicable to the party as the context requires.

9. Intellectual Property Rights & Data.

9.1 TradeBlock shall retain all rights to its Services and software (including without limitation any materials or code provided as part of the Services), Brands, technologies, information, trade secrets, know how, intellectual property, indices, information and data generated by TradeBlock or TradeBlock's systems hereunder, including any modifications, enhancements and derivatives thereof (collectively, "TradeBlock's Intellectual Property"). No implied licenses are granted herein.

10. Confidential Information.

10.1 TradeBlock and Company understand and agree that in connection with the negotiation and performance of this Agreement, each party may have had or have access to or may have been or be exposed to, directly or indirectly, private or confidential information of the other party, including, but not limited to, trade secrets, computer programs and code, scripts, algorithms, features and modes of operation, inventions (whether or not patentable), techniques, processes, methodologies, schematics, testing procedures, software design and architecture, design and function specifications, analysis and performance information, documentation, details of its products and

services, as well as names and expertise of, and information relating to, vendors, employees, consultants, customers and prospects, know-how, ideas, and technical, business, pricing information, financial and marketing information and strategies and any other information that the receiving party reasonably should know is confidential ("Confidential Information"). Each party (on its behalf and on behalf of its subcontractors, employees or representatives, or agents of any kind) agrees to hold and treat all Confidential Information of the other party in confidence and will protect such Confidential Information with the same degree of care as such party uses to protect its own Confidential Information of like nature.

10.2 A party ("receiving party") receiving Confidential Information of the other party ("disclosing party") will not, without the prior written consent of the disclosing party, disclose any Confidential Information of the disclosing party to third party except that the receiving party may disclose such Confidential Information or portions thereof (a) to its directors, officers, employees, agents and representatives on a need-to-know basis or (b) as may be required by law, applicable regulation or judicial process, provided, however, that if the receiving party is required to disclose such Confidential Information under this clause 10.2 (b), the receiving party shall promptly notify the disclosing party of such pending disclosure and if permitted by law, consult with the disclosing party prior to such disclosure as to the availability and advisability of seeking a protective order or other means of preserving the confidentiality of the Confidential Information. Notwithstanding the foregoing or anything to the contrary contained herein, a Party may disclose, without notice to the other Party, Confidential Information pursuant to a request or regular or routine inspection by a governmental or regulatory agency.

10.3 Notwithstanding anything contained herein to the contrary, Confidential Information does not include any information that (i) at the time of the disclosure or thereafter is lawfully obtained from publically available sources generally known by the public (other than as a result of a disclosure in violation of this Agreement by the receiving party or its representative); (ii) is available to the receiving party on a non-confidential basis from a source that is not and was not bound by any confidentiality obligation with respect to the Confidential Information; (iii) has been independently acquired or developed by the receiving party without violating its obligations under this Agreement or under any Applicable Law or (iv) was lawfully in the Party's possession on a non-confidential basis prior to disclosure by the disclosing party. This Section 10 shall supersede any previous agreement relating to confidential treatment and/or non-disclosure of Confidential Information; provided, however, that any information disclosed pursuant to any earlier agreement shall be deemed

to be Confidential Information and protected under the terms of this Agreement as if this Agreement had been in place at the time of such disclosure.

11. Warranties. Each party represents and warrants to the other party that, (a) the signatory signing this Agreement on its behalf has the right and authority to sign this Agreement (b) to the best of its knowledge this Agreement does not and shall not conflict with any other agreement entered into by it, (c) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and (d) it owns (or has been duly licensed to use) all rights in its intellectual property required in order to grant the licenses granted herein. TradeBlock represents and warrants that it has all necessary rights to publish and disseminate the TradeBlock indices. EXCEPT FOR THE FOREGOING WARRANTIES, AND TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, BOTH PARTIES DISCLAIM ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, CONCERNING OR RELATED TO THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. TRADEBLOCK DOES NOT WARRANT, GUARANTEE OR MAKE ANY REPRESENTATIONS REGARDING THE USE, THE RESULTS OF THE USE OR THE BENEFITS, OF THE SERVICES, OR ANY INFORMATION CONTAINED THEREIN OR OTHERWISE PROVIDED PURSUANT TO THIS AGREEMENT.

12. Limitation of Liability.

12.1 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF OR IN RELATION TO THIS AGREEMENT OR THE SERVICES. NEITHER PARTY SHALL BE LIABLE FOR ANY ACTS OR OMISSIONS OF THIRD PARTIES EXCEPT TO THE EXTENT SUCH THIRD PARTIES WERE ACTING AS AGENTS OR CONTRACTORS OF TRADEBLOCK. IN THE EVENT THAT APPLICABLE LAW DOES NOT ALLOW THE LIMITATION OF LIABILITY AS SET FORTH ABOVE, THIS LIMITATION WILL BE DEEMED MODIFIED SOLELY TO THE EXTENT NECESSARY TO COMPLY WITH APPLICABLE LAW.

12.2 THE FOREGOING LIMITATIONS AND EXCLUSIONS WILL APPLY REGARDLESS OF WHETHER THE CAUSE OF ACTION ARISES IN CONTRACT, IN TORT OR OTHERWISE, UNLESS SUCH ACTION IS WITH RESPECT TO THE LICENSE GRANT OR RESTRICTIONS SET FORTH IN SECTION 6 ABOVE.

13. Indemnity.

13.1 (a) Subject to the provisions of Section 13.2 below, if a third party asserts one or more claims against TradeBlock that (i) Company's intellectual property (including, without limitation, Applications and data) or content provided to TradeBlock infringes such third party's US patent issued as of the Effective Date, US copyright or trademark or other third party intellectual property right, or (ii) arise out of or result from Company's breach of its obligations set forth hereunder, then in each case Company will defend and pay all costs of defense of such claim (including reasonable attorneys' fees), and will indemnify and hold TradeBlock harmless from and against any settlement amounts agreed to by Company or damages finally awarded by a court of competent jurisdiction to such third party (except to the extent of TradeBlock's fraud, gross negligence or willful misconduct). (b) Subject to the provisions of Section 13.2 below, if a third party asserts one or more claims against Company that (i) TradeBlock's Intellectual Property (including, without limitation, Applications and data) or content provided to Company infringes such third party's US patent issued as of the Effective Date, US copyright or trademark or other third party intellectual property right, or (ii) arise out of or result from TradeBlock's breach of its obligations set forth hereunder, then in each case TradeBlock will defend and pay all costs of defense of such claim (including reasonable attorneys' fees), and will indemnify and hold Company harmless from and against any settlement amounts agreed to by TradeBlock or damages finally awarded by a court of competent jurisdiction to such third party (except to the extent of Company's fraud, gross negligence or willful misconduct).

13.2 Procedure. With respect to the indemnification obligations hereunder, the indemnified party should (a) give the indemnifying party prompt written notice of any claim, action, suit or proceeding; (b) granting sole control of the defense and settlement to the indemnifying party; and (c) reasonably cooperate with indemnifying party at the indemnifying party's expense. The indemnified party may participate in the defense of the claim at its own expense and in a manner not disruptive to indemnifying party's conduct of the defense. Non-compliance with this procedure does not constitute a waiver of the indemnification obligations set forth hereunder.

14. Force Majeure. The parties shall not be liable to each other or any other person for any delay or failure in the performance of this Agreement or for loss or damage of any nature whatsoever suffered by such party due to acts of war, acts of terrorism, acts of vandalism, lightning, fire, strike, unavailability of energy sources or any other causes beyond the party's reasonable control.

15. Product Upgrades. During the Term of this Agreement, all patches, fixes, standard new releases and new versions of the Services made available by TradeBlock to its customers generally during the Term (collectively, "Standard Upgrades") will be provided to Company at no additional charge. Non-standard upgrades and optional product enhancements specific to the Company (collectively, "Enhancements"), such as separate TradeBlock products, integration work, customization and non-standard features, may be made available for an additional fee as set forth on the applicable Order Form.

16. Compliance with Laws. Company shall ensure that its implementation and use of the Services complies with all laws and regulations applicable to Company's business and geographic locations, and shall inform TradeBlock if such compliance requires any modification to TradeBlock's standard Services offerings. Upon Company's request, TradeBlock cannot guarantee but will endeavor to support Company's specific requirements for compliance with Applicable Laws and regulations, and any modification to TradeBlock's standard Services offerings requested or required by Company may require professional services work by TradeBlock and/or additional fees.

17. Third Party Applications. From time to time, third parties may make available plug in or add-on online applications that integrate or interoperate with TradeBlock's Services ("Applications"). If Company, in its sole discretion, chooses to install, access or enable an Application, Company agrees that the third party Application provider may acquire access to Company's account data and information as required for the interoperation or integration of such Application. Accordingly, such Applications are governed by their own terms and conditions and are not considered Services under this Agreement. Company assumes full responsibility for any damages, losses, costs, or harms arising from the use of or inability to use such Applications. To the extent permitted by law, TradeBlock disclaims all liabilities with respect to Company's use of or inability to use such Applications and the performance or non-performance of such Applications (including direct, indirect, incidental, punitive or consequential damages). TradeBlock has no obligation to monitor such Applications and does not control or endorse the content, messages or information found in such Applications and specifically disclaims any liability with regard to such content, messages or information. TradeBlock does not monitor or control such Applications limitation, suspension or termination of their services and specifically disclaims any liability with regard to such Applications service limitation, suspension or

termination. EXCEPT AS EXPRESSLY WARRANTED IN THIS AGREEMENT, ALL SUCH APPLICATIONS SERVICES ARE PROVIDED “AS IS” AND TRADEBLOCK HEREBY DISCLAIMS ALL REPRESENTATIONS, WARRANTIES AND OTHER TERMS AND CONDITIONS WITH REGARD TO SUCH APPLICATIONS SERVICES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ALL WARRANTIES AND CONDITIONS OF SATISFACTORY QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT.

18. Notices. All notices shall be in writing and shall be sent by certified or Express mail, return receipt requested, by recognized expedited courier, or by wire/electronic communications (e.g., facsimile or email if receipt is confirmed) to the respective contact at the address set forth below or to such other address as a party may, by notice, provide to the other:

If to Company, to:

Grayscale Investments, LLC
250 Park Avenue South, New York, NY 10003
Attention: Michael Sonnenshein, Managing Director
Telephone: +1 (212) 668-3911
Email: info@grayscale.co

If to TradeBlock, to:

TradeBlock, Inc.
156 5th Ave, 7th floor, New York, NY 10010
Attention: Nitai Bran, Operations
Telephone: +1 (646) 666-7304
E-mail: contact@tradeblock.com

19. Independent Contractors. The parties are independent contractors and neither this Agreement nor the performance of Services shall create an association, partnership, joint venture, or relationship of principal and agent, master and servant, or employer and employee, between the parties; and neither party will have the right, power or authority (whether expressed or implied) to enter into or assume any duty or obligation on behalf of the other party.

20. Miscellaneous.

20.1 This Agreement, together with all exhibits attached hereto that reference this Agreement (including but not limited to the Order Form related hereto), contains the entire agreement of the parties, and supersedes any and all previous agreements addressed herein or with respect to the

subject matter hereof, whether oral or written. Each Party hereby rejects any terms or conditions (“Form Terms”) appearing on any purchase order or other supplements that are in addition to, or different from, the terms and conditions of this Agreement, and the parties agree that all such Form Terms shall be void and of no force or effect.

20.2 No amendment to the terms set forth in this Agreement will be effective unless signed by the parties hereto, except that TradeBlock may make Standard Upgrades to its product offering.

20.3 No failure of either party to exercise or enforce any rights under this Agreement shall act as a waiver of such rights. This Agreement shall be binding and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Either party hereto may assign this Agreement to any successor to its business. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force and the unenforceable provision shall be interpreted so as to render it enforceable while approximating the parties’ intent as closely as possible. This Agreement shall be governed in all respects, including validity, interpretation, enforcement and effect, by the laws of the State of New York. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. Each party expressly waives its right to a trial by jury. The application of the UN Convention on Contracts for International Sale of Goods is expressly excluded. This Agreement should not be construed in favor of or against any party by reason of the extent to which any party or its professional advisors participated in the preparation or drafting of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement and all ancillary documents may be executed and delivered by facsimile or other emailed electronic signature and the receiving party may rely on the receipt of such document by such means as if the original had been received. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. Sections 2 (to the extent of any fees due and owing at the time of termination), 6 through 13, 18 & 20 shall survive the termination of this Agreement.



TradeBlock, Inc.
156 5th Ave, 7th Floor
New York, NY 10010

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Agreement as of the Effective Date set forth above.

Grayscale Investments, LLC

TradeBlock, Inc.

Signature: /s/ Michael Sonnenshein

Signature: /s/ Nitai Bran

Name: Michael Sonnenshein

Name: Nitai Bran

Title: Managing Director

Title: Chief Executive Officer

Date: February 28, 2019

Date: February 28, 2019

Certain confidential information contained in this document, marked by [], has been omitted because Grayscale Digital Large Cap Fund LLC has determined that the information (i) is not material and (ii) would likely cause competitive harm to Grayscale Digital Large Cap Fund LLC if publicly disclosed.**

EXHIBIT A

Entity	Governing Document
Grayscale Bitcoin Cash Trust (BCH), a Delaware statutory trust formed as of January 26, 2018	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Bitcoin Cash Trust (BCH), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale Bitcoin Trust (BTC), a Delaware statutory trust formed as of September 25, 2013	Amendment No. 1 to the Fifth Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Bitcoin Trust (BTC), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale Digital Large Cap Fund LLC, a Cayman Islands limited liability company formed as of January 25, 2018	Amended and Restated Limited Liability Company Agreement of Grayscale Digital Large Cap Fund LLC, dated February 1, 2018, by and among Grayscale Investments, LLC, as the same may be amended from time to time.
Grayscale Ethereum Classic Trust (ETC), a Delaware statutory trust formed as of April 18, 2017	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Ethereum Classic Trust (ETC), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale Ethereum Trust (ETH), a Delaware statutory trust formed as of December 13, 2017	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Ethereum Trust (ETH), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale Litecoin Trust (LTC), a Delaware statutory trust formed as of January 26, 2018	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Litecoin Trust (LTC), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale Stellar Lumens Trust (XLM), a Delaware statutory trust formed as of October 26, 2018	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Stellar Lumens Trust (XLM), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale XRP Trust (XRP), a Delaware statutory trust formed as of February 26, 2018	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale XRP Trust (XRP), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.
Grayscale Zcash Trust (ZEC), a Delaware statutory trust formed as of October 3, 2017	Amendment No. 1 to the Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Zcash Trust (ZEC), dated January 11, 2019, by and among Grayscale Investments, LLC, Delaware Trust Company and the Shareholders from time to time thereunder, as the same may be amended from time to time.

Any other entity that the Company may sponsor or manage from time to time that holds a digital asset for which TradeBlock provides a reference rate or index.

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New York, NY 10010

EXHIBIT B
ORDER FORM

TRADEBLOCK MASTER INDEX LICENSE AGREEMENT – ORDER FORM

This order form (the “Order Form”) is entered into in connection with that certain TradeBlock Master Index License Agreement (the “Agreement”) by and between the Parties thereto (as defined in the Agreement). This Order Form incorporates by reference and is governed by the terms set forth under the Agreement. To the extent of any conflict between this Order Form and the Agreement, such term in the Agreement shall prevail. Terms used but not defined herein have the meanings given to them in the Agreement.

1. Term

Effective Date: February 28, 2019

End Date: February 28, 2020

[**]

2. Licensed Indexes

Licensed Index

Digital Asset

<u>BCX</u>	<u>Bitcoin Cash (BCH)</u>
<u>ECX</u>	<u>Ethereum Classic (ETC)</u>
<u>ETX</u>	<u>Ethereum (ETH)</u>
<u>LTX</u>	<u>Litecoin (LTC)</u>
<u>XBX</u>	<u>Bitcoin (BTC)</u>
<u>XRX</u>	<u>XRP (XRP)</u>
<u>XXMX</u>	<u>Stellar Lumens (XLM)</u>
<u>ZCX</u>	<u>Zcash (ZEC)</u>

Any other index or reference rate that TradeBlock may provide from time to time for a digital asset that is held by an entity that the Company manages or sponsors.

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New York, NY 10010

TradeBlock's Licensed Indexes are each a US Dollar-denominated composite reference rate for the price of the Digital Asset listed opposite such Licensed Index's name in the table above, accessible via <https://tradeblock.com> and an application programming interface ("API"). Data inputs for the Licensed Indexes may include trades from exchanges, over-the-counter markets, or derivative platforms. Inclusion of data from each trading venue is guided by criteria such as depth of liquidity, regulatory compliance, data availability, acceptance of US Dollar deposits, and the discretion of TradeBlock analysts. To calculate the reference rate, trade data is cleansed and compiled in such a manner as to algorithmically reduce the impact of anomalous or manipulative trading. This is accomplished by adjusting the weight of each data input based on price deviation relative to the observable set, as well as recent and long-term trading volume at each venue relative to the observable set. To calculate volume weighted price, the weighting algorithm is applied to the price and volume of all inputs for the immediately preceding 24-hour period at 4:00:00 PM on the trade date.

3. Services to be Provided by TradeBlock

TradeBlock will make the following available to the Company for each Licensed Index:

- Automated calculation of the Digital Asset reference price based on the applicable Licensed Index at 4:00 PM EST each weekday on which banks are open in New York, provided via email, API, or both
- An API with the latest Licensed Index rate
- Raw, historical Licensed Index rate data upon request via API for all days which the Licensed Index is used as the reference rate for the applicable Digital Asset

TradeBlock will make the following publicly available on tradeblock.com for each Licensed Index:

- Interactive charting to view the Licensed Index rate over time relative to its constituent inputs (for all publicly-available inputs)
- Conceptual information about the calculations underlying the Licensed Index rate
- The latest Licensed Index rate, observable via web browser

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TradeBlock, Inc.
156 5th Ave, 7th Floor
New York, NY 10010

4. Fees

Fee Calculation

Company shall pay TradeBlock:

- (i) \$[**] per Licensed Index per month;¹ plus
- (ii) Volume-based fee which accrues and is calculated daily at an annualized rate (i.e. calculated based on the applicable bp rate per the below Volume-based Fee Schedule, then divided by 365) of the aggregated Holdings of all Entities in Exhibit A. Holdings will be calculated based on the definition in the applicable Entity's Governing Document listed opposite such Entity's name in Exhibit A to the Agreement.

Volume-based Fee Schedule (with respect to any license for a Licensed Index granted pursuant to Section 6.1(i) of the License Agreement)

[**]

Annual volume-based fee calculation:

[**]

Daily volume-based fee calculation (each example continued):

[**]

¹ For the avoidance of doubt, any Licensed Index added to Licensed Indexes on Table 2 hereto on a date other than the first day of a month shall be charged on a pro-rated basis.

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TradeBlock, Inc.
156 5th Ave, 7th Floor
New York, NY 10010

[**]

[ORDER FORM SIGNATURE FOLLOWS]

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TradeBlock, Inc.
156 5th Ave, 7th Floor
New York, NY 10010

Agreed and Acknowledged:

Grayscale Investments, LLC

Signature: /s/ Michael Sonnenshein

Name: Michael Sonnenshein

Title: Managing Director

Date: February 28, 2019

TradeBlock, Inc.

Signature: /s/ Nitai Bran

Name: Nitai Bran

Title: Chief Executive Officer

Date: February 28, 2019

Certain confidential information contained in this document, marked by [], has been omitted because Grayscale Digital Large Cap Fund LLC has determined that the information (i) is not material and (ii) would likely cause competitive harm to Grayscale Digital Large Cap Fund LLC if publicly disclosed.**

Requirements of
Continental Stock Transfer & Trust Company
As Transfer Agent and Registrar



Requirements of
Continental Stock Transfer & Trust Company as Transfer Agent and Registrar

1. Agreement and Certified Copy of Manager's Resolution for our Appointment as Transfer Agent and Registrar.
2. Certificate of Registration and any amendments thereto certified by the proper official of the State of Incorporation, under original seal, or with evidence of their filing.
3. LLC Agreement and any amendments thereto certified by an officer of the Manager.
4. Corporate Information including Authorized Signatories and Specimen Signatures (forms enclosed).
5. Form W-9, Request for Taxpayer Identification Number and Certification, signed by an authorized officer of the entity.
6. Supply of certificates in connection with interests of the Fund signed for and on behalf of the Fund, if applicable.

NOTE: PROOFS OF THE CERTIFICATES MUST BE SUBMITTED TO AND APPROVED BY US BEFORE PRINTING.

7. Opinion of Counsel for the Fund advising as to:
 - (a) the due formation and registration of the Fund;
 - (b) the authorization of persons as members to the LLC, and the issue of interests to such members, in each case upon fulfillment of the conditions set out in the LLC Agreement; and
 - (c) the full compliance as to the aforementioned interests with the Federal Securities Act of 1933, as amended, or the reason and statutory reference under which exemption is claimed if registration under said Act is not necessary.
8. If any of the certificates for which the Transfer Agent and Registrar will act are issued and outstanding prior to our appointment:
 - (a) a certified list of all members showing their names, addresses, number of shares (being the manner in which interests in the Fund are to be measured) and certificate numbers held, certified by an officer of the Manager on behalf of the Fund;
 - (b) a letter signed by an officer of the Manager on behalf of the Fund listing all certificates against which stop transfer orders are in force, together with the nature and reason for such stop orders or, if no such stop orders are in force, a statement to that effect; and
 - (c) letter signed by an officer of the Manager on behalf of the Fund giving the numbers of any unused certificates and advising that such certificates have been destroyed or cancelled.

Initial Public Offering clients: please provide a letter of instruction, signed by two corporate officers, authorizing and directing the Transfer Agent and Registrar to issue securities in accordance with the underwriter's instructions or the Company's instructions, as the case may be.

TRANSFER AGENCY AND REGISTRAR SERVICES AGREEMENT

This Transfer Agency and Registrar Services Agreement (this “**Agreement**”), dated as of March 3, 2018 is between the Grayscale Digital Large Cap Fund LLC (the “**Fund**”), a Cayman Islands limited liability company, and Continental Stock Transfer & Trust Company, a New York limited purpose trust company (“**CST**”).

1. Appointment as Transfer Agent. The Fund hereby appoints CST to act as sole transfer agent and registrar for the interests of the Fund which, in accordance with the limited liability company agreement of the Fund, are to be measured as shares and for any such other securities as set forth in Exhibit A hereto (which the Fund shall update as necessary to keep complete and accurate) and as the Fund may request in writing (the “**Shares**”) in accordance with the terms and conditions hereof, and CST hereby accepts such appointment. In connection with the appointment of CST as transfer agent and registrar for the Fund, the Fund shall provide CST: (a) Specimens of all forms of outstanding certificates (if any), in the forms approved by the Fund’s manager, Grayscale Investments, LLC (the “**Manager**”), with a certificate of the secretary of the Manager as to such approval; (b) Specimens of the signatures of the officers of the Manager authorized to sign certificates and specimens of the signatures of the individuals authorized to sign written instructions and requests; (c) A copy of the registration statement and limited liability company agreement of the Fund and, on a continuing basis, copies of all material amendments to such registration statement and limited liability company agreement made after the date of this Agreement (such amendments to be provided promptly after such amendments are made); and (d) A sufficient supply of blank certificates signed by (or bearing the facsimile signature of) the officers of the Manager authorized to sign certificates on behalf of the Fund and bearing the Fund’s corporate seal (if required). CST may use certificates bearing the signature of a person who at the time of use is no longer an officer of the Manager. Whenever the terms “shares” or “certificates” are used herein they shall include physical certificates as well book entry and/or DRS positions.

2. Additional Services. CST may provide further services to, or on behalf of, the Fund as may be agreed upon between the Fund and CST. Should CST so elect, CST shall be entitled to provide services to reunify shareholders with their assets, provided the Fund incurs no additional charge for such services. Furthermore, CST shall provide information agent and proxy solicitation services to the Fund on terms to be mutually agreed upon by the parties hereto. This agreement shall include CST’s additional authority as successor Exchange Agent on pre-existing exchanges and as Exchange Agent, Paying Agent or Dividend Disbursing Agent on any additional Shares of said class or additional classes of Shares which may hereafter be authorized by the Fund. If CST is designated as Exchange Agent or Paying Agent in connection with a corporate action, CST’s authority will continue thereafter for escheatment and/or merger cleanup services for such transactions.

3. Fund Representations and Warranties.

a. The Fund represents and warrants to CST that: (i) it is a limited liability company duly formed and registered and is validly existing and in good standing under the laws of the Cayman Islands; (ii) it is empowered under applicable laws and governing instruments to enter into and perform this Agreement; and (iii) all corporate proceedings required by such governing instruments and applicable law have been taken to authorize it to enter into and perform this Agreement.

b. All Shares to be issued during the term of this appointment shall be duly authorized and issued to persons in accordance with the conditions set out in the limited liability company agreement of the Fund. Any Shares not registered under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, shall be issued or transferred in a transaction or series of transactions exempt from the registration provisions of the relevant law, and in each such issuance or transfer, the Fund be so advised by its legal counsel’s opinion and all Shares issued or to be issued bear or shall bear all appropriate legends.

c. The Fund shall promptly advise CST in writing of any change in the terms upon which Shares may be issued or transferred, and the Fund shall promptly provide CST with relevant amendments reflecting the same.

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Confidential and Proprietary Information | Continental Stock Transfer & Trust Company

d. When certificates of the Fund's Shares shall be presented to it for transfer and registration, CST is hereby authorized to refuse to transfer and register the same until it is satisfied that the requested transfer is legally in order; and that the Fund, shall indemnify and hold harmless CST, and CST shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized. CST may rely upon the Uniform Commercial Code and generally accepted industry practice in effecting transfers, or delaying or refusing to effect transfers. If, on a transfer of a restricted item, the Fund's counsel fails to issue an opinion or to provide adequate reasons therefore within ten business days of a request to do so, CST is authorized, but not required, to process such transfer upon receipt of an appropriate opinion of presenter's counsel.

4. CST's Reliance.

a. CST may act and rely on, and shall incur no liability and shall be fully indemnified by the Fund from any liability whatsoever in acting in accordance with, written or oral instructions received from any person it believes in good faith to be an officer, authorized agent or employee of the Fund, unless prior thereto (i) the Fund shall have advised CST in writing that it is entitled to act and rely only on written instructions of designated officers of the Manager; (ii) it furnishes CST with an appropriate incumbency certificate for such officers and their signatures; and (iii) the Fund thereafter keeps such designation current with an annual (or more frequent, if required) re-filing. CST may also act and rely on advice, opinions or instructions received from the Fund's legal counsel. CST may, in any event, act and rely without liability on advice received from its legal counsel.

b. CST may act and rely on, and shall incur no liability and shall be fully indemnified by the Fund from any liability whatsoever in acting in accordance with: (i) any writing or other instruction believed by it in good faith to have been furnished by or on behalf of the Fund or a holder of one or more Shares (a "**Shareholder**"), including, but not limited to, any certificate, instrument, opinion, notice, letter, stock power, affidavit or other document or security; (ii) on any statement of fact contained in any such writing or instruction which CST in good faith does not believe to be inaccurate; (iii) on the apparent authority of any person to act on behalf of the Fund or a Shareholder as having actual authority to the extent of such apparent authority; (iv) on the authenticity and genuineness of any signature (manual or facsimile) appearing on any writing, including, but not limited to, any certificate, instrument, opinion, notice, letter, stock power, affidavit or other document or security; and (v) on the conformity to original of any copy. CST shall further be entitled to rely on any information, records and documents provided to CST by a former transfer agent or former registrar on behalf of the Fund. CST is authorized by the Fund to respond to subpoenas and/or document requests from the SEC without further authorization, and may bill the Fund for reasonable compliance costs.

c. When CST deems it expedient, it may apply to the Fund, or the counsel for the Fund, or to its own counsel for instructions and advice, that the Fund will promptly furnish or will cause its counsel to furnish such instructions and advice, and, for any action taken in accordance with such instructions or advice, or in case such instructions and advice shall not be promptly furnished as required by this resolution, the Fund will indemnify and hold harmless CST from any and all liability, including attorney fees and court costs. CST may, at its discretion, but shall have no duty to prosecute or defend any action or suit arising out of authorizations hereby granted unless the Fund shall, when requested, furnish it with funds or the equivalent to defray the costs of such prosecution or defense. CST may, without liability to CST, refuse to perform any act in connection with this Agreement when, in good faith reliance on opinion of its counsel, it believes such act may subject it to civil or criminal liability under any statute or law of any state or of the United States and, in particular, under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

5. Compensation. CST shall be entitled to reasonable compensation for all services rendered (in accordance with the Fee Agreement) and shall be reimbursed for all expenses incurred, including without limitation legal costs and costs of responding to subpoenas and SEC requests related to the Fund's records (regardless of whether CST is still an Agent for the Fund) in connection with its acting as Agent. In the event that the scope of services to be provided by CST is increased substantially, the parties shall negotiate in good faith to determine reasonable compensation for such additional services. In the event that the Fund, without terminating this Agreement in its entirety, retains a third-party to provide services already provided hereunder, the Fund shall pay to CST a reasonable fee to compensate CST for costs associated with

interfacing with such third-party as mutually agreed upon by the Fund and CST. On termination of its services as Agent, CST shall be entitled to reasonable additional compensation for the service of preparing records for delivery to the successor agent or to the Fund, and for forwarding and maintaining records with respect to certificates received after such termination.

6. Performance of Services. In the event that the Fund commits any breach of its material obligations to CST, including non-payment of any amount owing to CST, and such breach remains uncured for more than forty-five (45) days, CST shall have the right to terminate or suspend its services upon notice to the Fund. During such time as CST may suspend its services, CST shall have no obligation to act as transfer agent and/or registrar on behalf of the Fund, shall have no duties to act in such capacity and shall have a lien on the Fund's records until it receives payment in full. Such suspension shall not affect CST's rights under this Agreement. On termination of the appointment of CST for any reason, CST will perform its services in assisting with the transfer of records in a diligent and professional manner.

7. CST as Distributor of Funds. All funds received by CST for distribution on behalf of the Fund will be deposited by CST in a segregated bank account.

8. Lost Certificates. CST shall be authorized to issue replacement certificates for certificates claimed by a Shareholder to have been lost, stolen or mutilated upon receipt of an affidavit of the Shareholder to such effect and receipt of payment from the Shareholder of a premium for CST's services and an indemnity bond purchased through CST or, at the option of the Shareholder, any surety company reasonably acceptable to CST.

9. Overissuance. If CST receives a certificate not reflected in its records, CST will research records, if any, delivered to it upon its appointment as transfer agent from a prior transfer agent (or from the Fund). If such records do not exist or if such certificate cannot be reconciled with such records, then CST will notify the Fund. If neither the Fund nor CST is able to reconcile such certificate with any records (so that the transfer of such certificate on the records maintained by CST would create an overissue), the Fund shall within sixty (60) days either (to the extent applicable): (i) increase the number of its issued Shares, or (ii) acquire and cancel a sufficient number of issued Shares to correct the overissue.

10. Confidentiality. CST acknowledges that it will acquire information and data from the Fund, and such information and data are confidential and proprietary information of the Fund (collectively, "**Confidential Information**"). Confidential Information may include, but shall not be limited to, information related to clients, business plans, shareholders, business processes, and other related data, all in any form whether electronic or otherwise, that CST acquires in connection with this Agreement. Confidential Information will not include, however, any information that (i) was in the possession of CST at the commencement of the services contemplated under this Agreement, (ii) became part of the public domain through no fault of CST or (iii) became rightfully known to CST or its affiliates through a third party with no obligation of confidentiality to the Fund, or (iv) is independently developed by CST. CST agrees not to disclose the Confidential Information to others (except as required by law or permitted by CST's privacy policy then in effect) or use it in any way, commercially or otherwise, except in performing services hereunder, and shall not allow any unauthorized person access to the Confidential Information. CST further agrees to exercise at least the same degree of care as it uses with regard to its own confidential information, but in no event less than reasonable degree of care, in protecting the Confidential Information.

11. Limitations on CST's Responsibilities. CST shall not be responsible for the validity of the issuance, presentation or transfer of Shares, the genuineness of endorsements, the authority of presenters, or the collection or payment of charges or taxes incident to the issuance or transfer of Shares. CST may, however, delay or decline an issuance or transfer if it deems it to be in its or the Fund's best interests to receive evidence or assurance of such validity, authority, collection or payment. CST shall not be responsible for any discrepancies in its records or between its records and those of the Fund, if it is a successor transfer agent or successor registrar, caused by or arising from a difference or error in predecessor records. CST shall not be deemed to have notice of, or be required to inquire regarding, any provision of the Fund's registration statement and limited liability company agreement, any court or administrative order, or any other document, unless it is specifically advised of such in a writing from the Fund, which writing shall set forth the manner in which it affects the Shares. In no event shall CST be responsible for any transfer or issuance not effected by it.

12. Limitations on CST's Liability. In no event shall CST have any liability for any incidental, special, statutory, indirect or consequential damages, or for any loss of profits, revenue, data or cost of cover. CST's liability arising out of or in connection with its acting as Agent for the Fund shall not exceed the aggregate amount of all fees (excluding expenses) paid under this Agreement in the twelve (12) month period immediately preceding the date of the first event giving rise to liability.

13. Indemnities. From and at all times after the date of this Agreement, the Fund covenants and agrees to defend, indemnify, reimburse and hold harmless CST and its officers, directors, employees, affiliates and agents (each, an "**Indemnified Party**") against any actions, claims, losses, liability or reasonable expenses (including legal and other fees and expenses) incurred by or asserted against any Indemnified Party, including by the Fund, arising out of or in connection with entering into this Agreement, the performance of CST's duties thereunder, or the enforcement of the indemnity hereunder, except for such losses, liabilities or expenses incurred as a result of an Indemnified Party's gross negligence, bad faith or willful misconduct. The Fund shall not be liable under this indemnity with respect to any claim against an Indemnified Party unless the Fund is notified of the written assertion of such a claim, or of any action commenced against an Indemnified Party, promptly after CST shall have received any such written information as to the nature and basis of the claim; provided, however, that failure by CST to provide such notice shall not relieve the Fund of any liability hereunder if no prejudice occurs. All provisions regarding indemnification, liability and limits thereon shall survive the termination of this Agreement.

14. Force Majeure. CST is not liable for failure or delay in the performance of its obligations under this Agreement if such failure or delay is due to causes beyond its reasonable control, including but not limited to Acts of God (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, act of foreign enemies, hostilities (regardless of whether war is declared), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorist activities, cyber-attack, nationalization, government sanction, blockage, embargo, labor dispute, strike, lockout or interruption or failure of electricity or telephone service or any other force majeure event. The Fund is not entitled to terminate this Agreement under Section 6 (Performance of Services) in such circumstances.

15. No Third Party. This Agreement, when executed by the Fund, shall constitute the full agreement between it and CST and shall not be amended or modified except in writing signed by both parties. CST shall act solely as agent for the Fund under this Agreement and owes no duties hereunder to any other person or entity. CST undertakes to perform the duties and only the duties that are specifically set forth herein, and no implied covenants or obligations should be read into this Agreement against it. No rights shall be granted to any other person by virtue of this Agreement, and there are no third party beneficiaries of this Agreement.

16. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of New York, without giving effect to the conflict of laws principles thereof.

17. Jurisdiction and Venue. In the event that any party hereto commences a lawsuit or other proceeding relating to or arising from this Agreement or services provided hereunder, the parties hereto agree that the United States District Court for the Southern District of New York shall have the sole and exclusive jurisdiction over any such proceeding. If such court lacks federal subject matter jurisdiction, the parties hereto agree that the Supreme Court of the State of New York within New York County shall have sole and exclusive jurisdiction. Any final judgment shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Any of these courts shall be proper venue for any such lawsuit or judicial proceeding and the parties hereto waive any objection to such venue and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. The parties hereto consent to and agree to submit to the jurisdiction of any of the courts specified herein and agree to accept service of process by mail to vest personal jurisdiction over them in any of these courts. Each party hereto irrevocably and unconditionally waives any right to a trial by jury.

Certificate of Secretary, *continued*

18. Assignment. CST may assign this Agreement or any rights granted thereunder, in whole or in part, either to affiliates, another division, subsidiaries or in connection with its reorganization or to successors of all or a majority of CST's assets or business without the prior written consent of the Fund.

19. Term: The initial term of this Agreement shall be three (3) years from the date hereof and the appointment shall automatically be renewed for further three (3) year successive terms with the same transaction provisions without further action of the parties, unless written notice is provided by either party at least ninety (90) days prior to the end of the initial or any subsequent three (3) year period. The term of this appointment shall be governed in accordance with this paragraph, notwithstanding the cessation of active trading in the Shares of the Fund or discontinuance of services for non-payment.

20. Fund Information. The Manager shall provide such certified documents, opinions of counsel, certificates, specimen signatures of officers and information as CST may require in connection with its duties hereunder, and immediately upon any change therein which might affect CST in its duties, to give CST written notice and to furnish such additional certified documents, certificates, specimen signatures of officers and information as CST may require, it being understood and agreed that CST shall be fully protected and held harmless for the failure of the Manager to give proper and sufficient notice of any such change.

21. DTCC Fast Program. At any time that the Fund shall elect to have its shares traded and processed in the DTCC FAST electronic program, it shall do so upon approval of its Manager, which shall agree to adhere to DTCC's Balance Certificate Agreement (incorporated by reference herein) as it shall be amended from time to time.

22. Notices. The address of the Manager to which notices may be sent is 636 Avenue of the Americas, 3rd Floor, New York, New York 10011. The address of CST to which notices may be sent is Continental Stock Transfer & Trust Company, 1 State Street, 30th Floor, New York, NY 10004 attention: Account Administration.

**CONTINENTAL STOCK TRANSFER & TRUST
COMPANY**

By: /s/ Kevin Jennings
Its: Vice President
Date: March 3, 2018

GRAYSCALE DIGITAL LARGE CAP FUND LLC

**By: Grayscale Investments, LLC, as Manager of the
Grayscale Digital Large Cap Fund LLC**

By: /s/ Barry Silbert
Its: CEO
Date: March 3, 2018

CSTT 2016

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Certificate of Officer

I, _____, Officer of Grayscale Investments, LLC, a limited liability company duly organized and existing under the laws of the State of Delaware, (the “Manager”) do hereby certify on behalf of the Grayscale Digital Large Cap Fund LLC (the “Fund”), a limited liability company duly formed and registered under the laws of the Cayman Islands:

- A. That, accompanying this Certificate are:
- 1. A copy of the Registration Statement, Certificate of Registration and Limited Liability Company Agreement of the Fund, with all amendments to date, duly certified under official seal by the officer having custody of the original thereof or with evidence of their filing;
 - 2. A Corporate Information Form; and
 - 3. An opinion by counsel for the Fund covering the validity of the outstanding shares and their exemption from registration under the Securities Act of 1933, as amended.
- B. That the Fund is not limited in the number of interests, measured as shares, which may be issued. There are currently no certificates in issue.

IN WITNESS WHEREOF, I have hereunto set my hand, this _____, 2018.

Officer

Agreed to and Accepted:
Continental Stock Transfer & Trust Company

By _____
Title



Corporate Information

Corporate Information

Federal ID/EIN

Company

Address

Telephone

Website

Principal Name

Title

Telephone

Fax

Email Address

Accounting (Please note our invoices are delivered electronically)

Contact

Name

Title

Address

Telephone

Facsimile

Email

Contact (*if different*)

Name

Title

Address

Telephone

Fax

Email

SEC Counsel (for opinions)

Firm

Address

Contact

Telephone

Fax

Email Address

Company's General Counsel (if applicable)

Firm

Address

Contact

Telephone

Fax

Email Address

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Confidential and Proprietary Information



List of Officers and Directors Authorized to Provide
Instructions Relating to Issuances of Shares and Corporate Actions
on Behalf of:

OFFICERS and DIRECTOR SIGNATORIES:

Name	Title	Signature
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BOARD of DIRECTORS:

Name	Title
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CSTT 2016

Confidential and Proprietary Information



Information Statement

GRAYSCALE DIGITAL LARGE CAP FUND LLC

Grayscale Digital Large Cap Fund LLC (the “Fund”) issues equal, fractional, undivided interests (“Shares”) in the profits, losses, distributions, capital and assets of, and ownership of the Fund. The Fund’s purpose is to hold the top digital assets by market capitalization that meet certain criteria set by the Fund. We refer to each digital asset held by the Fund as a “Fund Component.” The Fund issues Shares only in one or more blocks of 100 Shares (a block of 100 Shares is called a “Basket”) to certain authorized participants from time to time. Baskets are offered in exchange for the Fund Components. Shares are distributed by Genesis Global Trading Inc., acting as the sole authorized participant, through sales in private placement transactions exempt from the registration requirements of the Securities Act of 1933 pursuant to Rule 506(c) thereunder. The Shares are quoted on OTC Markets Group Inc.’s OTCQX® Best Marketplace, or OTCQX, under the ticker symbol “GDLC.”

The investment objective of the Fund is for the Shares (based on Digital Asset Holdings per Share) to reflect the value of the Fund Components held by the Fund, as determined by reference to the Digital Asset Reference Rates (as defined herein), less the Fund’s expenses and other liabilities.

The Fund seeks to hold Fund Components that have market capitalizations that collectively constitute at least 70% of the market capitalization of the entire digital asset market (the “Target Coverage Ratio”). The Fund holds a market capitalization-weighted portfolio that is reviewed for rebalancing on a quarterly basis to meet the Target Coverage Ratio (each such period, a “Rebalancing Period”). We refer to the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of a particular Fund Component as such Fund Component’s “Weighting.”

To date, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of Fund Components, less the Fund’s expenses and other liabilities, but have instead traded at a premium over such value, which at times has been substantial. In the event the Shares trade at a substantial premium, investors who purchase Shares on OTCQX will pay substantially more for their Shares than investors who purchase Shares in the private placement. The value of the Shares may not reflect the value of the Fund Components, less the Fund’s expenses and other liabilities, for a variety of reasons, including the holding period under Rule 144 for Shares purchased in the private placement, the lack of an ongoing redemption program, any halting of creations by the Fund, digital asset price volatility, trading volumes on, or closures of, exchanges where digital assets trade due to fraud, failure, security breaches or otherwise, and the non-current trading hours between OTCQX and the global exchange market for trading the digital assets. As a result, the Shares may continue to trade at a substantial premium over, or a substantial discount to, the value of the Fund Components, less the Fund’s expenses and other liabilities, and the Fund may be unable to meet its investment objective for the foreseeable future. While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the top digital assets by market capitalization.

Grayscale Investments, LLC is the manager of the Fund (the “Manager”), Continental Stock Transfer & Trust Company is the transfer agent of the Fund (in such capacity, the “Transfer Agent”) and the administrator of the Fund and Coinbase Custody Trust Company, LLC is the custodian of the Fund (the “Custodian”). The Shares are neither interests in nor obligations of the Manager.

Investments in the Shares involves significant risks. See “[Risk Factors](#)” starting on page 14.

The date of this Information Statement is May 13, 2021

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Neither the Manager nor the Fund have authorized anyone to provide you with information different from that contained in this Information Statement or any amendment or supplement to this Information Statement prepared by us or on our behalf. Neither the Manager nor the Fund take any responsibility for, or can provide any assurance as to the reliability of, any information other than the information in this Information Statement or any amendment or supplement to this Information Statement prepared by the Manager, the Fund or on the Fund’s behalf. The information in this Information Statement is accurate only as of the date of this Information Statement.

In this Information Statement, unless otherwise stated or the context otherwise requires, “we,” “our” and “us” refers to the Manager acting on behalf of the Fund.

Industry and Market Data

Although we are responsible for all disclosure contained in this Information Statement, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications in conjunction with our assumptions regarding the digital asset industry and market. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings “Statement Regarding Forward-Looking Statements” and “Risk Factors” in this Information Statement.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Information Statement contains “forward-looking statements” with respect to the Fund’s financial conditions, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Information Statement that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Fund’s operations, the Manager’s plans and references to the Fund’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Manager made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors.” Whether or not actual results and developments will conform to the Manager’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the risk factors discussed in this Information Statement, including the particular risks associated with new technologies such as digital assets, including Bitcoin, Ethereum, Litecoin and Bitcoin Cash, and blockchain technology;
- the inability to redeem Shares;
- the inability of the Fund to meet its investment objective;
- the economic conditions in the digital asset industry and market;
- general economic, market and business conditions;
- global or regional political, economic or financial conditions, events and situations, such as the novel coronavirus outbreak;
- the use of technology by us and our vendors, including the Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation; and
- other world economic and political developments.

Consequently, all of the forward-looking statements made in this Information Statement are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Manager anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Fund’s operations or the value of the Shares. Should one or more of the risks discussed under “Risk Factors” or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Manager’s beliefs, estimates and opinions on the date the statements are made and neither the Fund nor the Manager is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Fund, the Manager, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements.

KEY OPERATING METRICS

The Fund Components are carried, for financial statement purposes, at fair value, as required by the U.S. generally accepted accounting principles (“GAAP”). The Fund determines the fair value of each Fund Component based on the price provided by the applicable Digital Asset Market (as defined herein) that the Fund considers its principal market for such digital asset as of 4:00 p.m., New York time, on the valuation date. The net asset value of the Fund determined on a GAAP basis is referred to in this Information Statement as “NAV.”

To determine which market is the Fund’s principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s NAV, the Fund follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components from an authorized participant (the “Authorized Participant”) and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to the Authorized Participant when assessing entity-specific and market-based volume and level of activity for Digital Asset Markets. The Authorized Participant transacts in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB Master Glossary. The Authorized Participant, as a related party of the Manager, provides information about the Digital Asset Markets on which it transacts to the Fund. In determining which of the eligible Digital Asset Markets is the Fund’s principal market for each Fund Component, the Fund reviews these criteria in the following order:

- First, the Fund reviews a list of Digital Asset Markets and excludes any Digital Asset Markets that are non-accessible to the Fund and the Authorized Participant(s). The Fund or the Authorized Participant does not have access to Digital Asset Exchanges that do not have a BitLicense and has access only to non-Digital Asset Exchange Markets that the Authorized Participant reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Fund sorts the remaining Digital Asset Markets from high to low by entity-specific and market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.
- Third, the Fund then reviews intra-day pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Fund then selects a Digital Asset Market as its principal market for such Fund Component based on the highest market volume, activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Exchange Markets have the greatest volume and level of activity for the asset. The Fund therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, an Exchange Market has been selected as the Fund’s principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been

recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market for each Fund Component.

The cost basis of the investment in each Fund Component recorded by the Fund for financial reporting purposes is the fair value of the Fund Component at the time of transfer. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

The following tables represent the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Market considered to be its principal market, as determined by the Fund as of December 31, 2020 and June 30, 2020:

Fund Component	December 31, 2020		June 30, 2020	
	Principal Market	Price	Principal Market	Price
BTC	Coinbase Pro	\$ 29,185.05	Coinbase Pro	\$ 9,134.09
ETH	Coinbase Pro	\$ 744.99	Coinbase Pro	\$ 224.96
XRP(1)	Coinbase Pro	\$ 0.22	Coinbase Pro	\$ 0.18
BCH	Coinbase Pro	\$ 341.98	Coinbase Pro	\$ 221.14
LTC	Coinbase Pro	\$ 124.49	Coinbase Pro	\$ 41.15

- (1) Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. See "Item 15. Financial Statements and Exhibits—Note 11. Subsequent Events" for a description of the portfolio rebalancing.

The Fund seeks to hold Fund Components that have market capitalizations that collectively constitute at least 70% of the market capitalization of the entire digital asset market (the "Target Coverage Ratio"). The Fund holds a market capitalization-weighted portfolio that is reviewed for rebalancing on a quarterly basis to meet the Target Coverage Ratio. The Fund's investment objective is for the Shares to reflect the value of the Fund Components held by the Fund, determined by reference to the Digital Asset Reference Rates, less the Fund's expenses and other liabilities. To date, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of the Fund Components held by the Fund, less the Fund's expenses and other liabilities, but have instead traded at a premium over such value, which at times has been substantial. The "Digital Asset Reference Rate" for each Fund Component is the volume-weighted average price in U.S. dollars of such Fund Component, as determined by reference to a Spot Price or an Index Price, as of 4:00 p.m., New York time, on any business day. Each Digital Asset Reference Rate that is a Spot Price is a volume-weighted average price in U.S. dollars derived from data collected from Digital Asset Exchanges trading the relevant Fund Component selected by TradeBlock, Inc. (the "Reference Rate Provider"). Each Index Price is the volume-weighted average price derived from the Digital Asset Exchanges that are reflected in an index developed by the Reference Rate Provider. As of the date of this information statement, all of the Digital Asset Reference Rates are Index Prices. The Fund believes that calculating the Digital Asset Reference Rates in this manner mitigates the impact of anomalous or manipulative trading that may occur on any single Digital Asset Exchange. See "Overview of the Digital Asset Industry and Market—Fund Component Value—Digital Asset Exchange Valuation." For as long as the Shares trade at a substantial premium over the value of the Fund Components, less the Fund's expenses and other liabilities, investors who purchase Shares on OTCQX will pay substantially more for their Shares than investors who purchase Shares in the private placement.

In addition to holding Fund Components, from time to time, the Fund may hold positions in digital assets as a result of a fork, airdrop or similar event through which the Fund becomes entitled to another digital asset or other property by virtue of its ownership of one or more of the digital assets it then holds (each such new asset, a

“Forked Asset”). The Fund may also hold cash from time to time. The Fund’s “Digital Asset Holdings” is the aggregate value of the Fund’s assets at any time, expressed in U.S. dollars. Specifically, the amount of the Fund’s “Digital Asset Holdings” at any time is the aggregate U.S. dollar value of the Fund Components held by the Fund, calculated using the Digital Asset Reference Rate for each Fund Component, plus the aggregate U.S. dollar value of any Forked Assets the Fund holds, calculated by reference to a reputable Digital Asset Exchange as determined by the Manager or, if possible, a Digital Asset Reference Rate, plus the Fund’s holdings of U.S. dollar, or other fiat currency, if any, less the U.S. dollar value of the Fund’s expenses and other liabilities, calculated in the manner set forth under “Valuation of Digital Assets and Determination of Digital Asset Holdings.” “Digital Asset Holdings per Share” is calculated by dividing Digital Asset Holdings by the number of Shares currently outstanding. Digital Asset Holdings and Digital Asset Holdings per Share are not measures calculated in accordance with GAAP. Digital Asset Holdings is not intended to be a substitute for the Fund’s NAV calculated in accordance with GAAP, and Digital Asset Holdings per Share is not intended to be a substitute for the Fund’s NAV per Share calculated in accordance with GAAP. The Fund does not currently expect to take any Forked Assets it may hold into account for purposes of determining the Fund’s Digital Asset Holdings, Digital Asset Holdings per Share, the NAV or the NAV per Share.

SUMMARY

See “Glossary of Defined Terms” for the definition of certain capitalized terms used in this Information Statement. All other capitalized terms used, but not defined, herein have the meanings given to them in the LLC Agreement.

Overview of the Fund and the Shares

The Fund is a Cayman Islands limited liability company that was formed on January 25, 2018. The Fund’s purpose is to hold the top digital assets by market capitalization that meet certain criteria set by the Fund. The Fund issues Shares, which represent equal, fractional undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund, on an ongoing basis to certain “accredited investors” within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”). The Fund issues Shares only in one or more whole Baskets. A Basket equals 100 Shares. See “Description of Creation of Shares.”

The investment objective of the Fund is for the Shares (based on Digital Asset Holdings per Share) to reflect the value of the Fund Components held by the Fund as determined by reference to the Digital Asset Reference Rates, less the Fund’s expenses and other liabilities. The Fund seeks to hold Fund Components that have market capitalizations that collectively constitute at least 70% of the market capitalization of the entire digital asset market (the “Target Coverage Ratio”). The Fund intends to hold a market capitalization-weighted portfolio that will be reviewed for rebalancing on a quarterly basis to meet the Target Coverage Ratio. We refer to the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of a particular Fund Component as such Fund Component’s “Weighting.”

To date, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of Fund Components, less the Fund’s expenses and other liabilities, but have instead traded at a premium over such value, which at times has been substantial. In the event the Shares trade at a substantial premium, investors who purchase Shares on OTCQX will pay substantially more for their Shares than investors who purchase Shares in the private placement. The value of the Shares may not reflect the value of the Fund Components, less the Fund’s expenses and other liabilities, for a variety of reasons, including the holding period under Rule 144 for Shares purchased in the private placement, the lack of an ongoing redemption program, any halting of creations by the Fund, Fund Component price volatility, trading volumes on, or closures of, exchanges where digital assets trade due to fraud, failure, security breaches or otherwise, and the non-current trading hours between OTCQX and the global exchange market for trading the Fund Components. As a result, the Shares may continue to trade at a substantial premium over, or a substantial discount to, the value of the Fund Components, less the Fund’s expenses and other liabilities, and the Fund may be unable to meet its investment objective for the foreseeable future.

For example, from November 22, 2019 to December 31, 2020, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund’s Digital Asset Holdings per Share was 297% and the average premium was 72%. Moreover, the closing price of the Shares as, quoted on OTCQX at 4:00 p.m., New York time, on each business day, has only been quoted at a discount on April 1, 2020. The discount on that day was 4%. As of December 31, 2020, the Fund’s Shares were quoted on OTCQX at a premium of 17% to the Fund’s Digital Asset Holdings per Share.

Shares purchased in the private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act, including the requisite holding

period thereunder, and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void ab initio. See “Description of the Shares—Transfer Restrictions” for more information.

Pursuant to Rule 144, once the Fund has been subject to the reporting requirements of Section 13 under the Exchange Act for a period of 90 days, the minimum holding period for Shares purchased in the private placement will be shortened from one year to six months. As a result, Shares purchased in the private placement will be able to have their transfer restriction legends removed sooner. Because the rate at which Shares are qualified for public trading on OTCQX will increase, the number of Shares being sold by investors onto OTCQX may increase as well. Any increase in the number of Shares trading on OTCQX may cause the price of the Shares on OTCQX to decline. In addition, the shortened holding period may increase demand for the Shares in the private placement, which may further increase the number of Shares being sold by investors onto OTCQX after they have been held for the holding period.

The Shares are quoted on OTCQX under the ticker symbol “GDLC.” Shareholders that purchased Shares directly from the Fund and have held them for the requisite holding period in accordance with Rule 144 under the Securities Act may sell their Shares on OTCQX upon receiving approval from the Manager. Investors may also choose to purchase Shares on OTCQX. Shares purchased on OTCQX are not restricted. We intend to seek to list the Shares on NYSE Arca sometime in the future. Any such listing will require NYSE Arca to first receive approval from the SEC. As a result, there can be no guarantee that we will be successful in listing the Shares on NYSE Arca. See “Risk Factors—Risk Factors Related to the Fund and the Shares—There is no guarantee that an active trading market for the Shares will continue to develop.”

At this time, the Fund is not operating a redemption program for the Shares and therefore Shares are not redeemable by the Fund. In addition, the Fund may from time to time halt creations for extended periods of time, for a variety of reasons, including in connection with forks, airdrops and other similar occurrences. As a result of these factors in addition to the holding period under Rule 144, Authorized Participants are not able to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund’s Digital Asset Holdings per Share, which may cause the Shares to trade at a substantial premium over, or substantial discount to, the value of the Fund’s Digital Asset Holdings per Share.

Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Further, before the Fund is able to effect redemptions, it will be required to meet the requirements of, and register with, the Cayman Islands Monetary Authority and be regulated as a mutual fund under the Mutual Funds Law, 2020 of the Cayman Islands. Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program, the Shares will be redeemable in accordance with the provisions of the LLC Agreement and the relevant Participant Agreement. Although the Manager cannot predict with certainty what effect, if any, the operation of a redemption program would have on the trading price of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund’s digital assets, less the Fund’s expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQX over such value or cause the Shares to trade at a discount to such value from time to time.

For a discussion of risks relating to the deviation in the trading price of the Shares from the Digital Asset Holdings per Share, see “Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund’s ability to halt

creations from time to time, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, the Digital Asset Holdings per Share,” “Risk Factors—Risk Factors Related to Digital Assets—The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including further declines in the trading prices of digital assets could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value,” “Risk Factors—Risk Factors Related to Digital Asset Markets—The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors,” “Risk Factors—Risk Factors Related to Digital Asset Markets—Due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets and, consequently, the value of the Shares,” and “Risk Factors—Risk Factors Related to the Fund and the Shares—The Shares may trade at a price that is at, above or below the Fund’s Digital Asset Holdings per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Exchange Market.”

On July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (reference number: 1688783).

Fund Construction Criteria

A digital asset will generally be eligible for inclusion in the Fund’s portfolio if it satisfies market capitalization, liquidity and coverage criteria as determined by the Manager. Fund Components will be held in the Fund’s portfolio on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization will have a higher representation in the Fund’s portfolio. Market capitalization refers to a digital asset’s market value, as determined by multiplying the number of tokens of such digital asset in circulation by the market price of a token of such digital asset. The market price per token of a Fund Component will be determined by reference to the applicable Digital Asset Reference Rate. The market capitalization of any digital assets not held by the Fund will be determined by reference to CoinMarketCap.com and/or OnChainFX.com. Because the Fund will create Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component will be calculated, and its Weighting will therefore fluctuate, daily in accordance with changes in the market price of such Fund Components. See “Valuation of Digital Assets and Determination of Digital Asset Holdings.”

Removal of Existing Fund Components

The Fund is rebalanced on a quarterly basis. During each Rebalancing Period, a Fund Component will be removed as a Fund Component if (i) it is has the smallest market capitalization of all Fund Components, taking into account any other removals during the Rebalancing Period, (ii) the sum of (x) its current market capitalization and (y) the combined current market capitalization of Fund Components with a market capitalization greater than such Fund Component, divided by the total market capitalization of all digital assets, is higher than 0.85, and (iii) such removal would not result in the Fund holding less than five Fund Components (the “Removal Criteria”). See “—Rebalancing” below for further detail.

In addition, the Manager may determine to exclude a digital asset from the Fund’s portfolio even if it meets the Inclusion Criteria (as defined below) for a number of reasons, including, but not limited to (i) none or few of the Authorized Participants or Service Providers has the ability to trade or otherwise support the digital asset; (ii) the Manager believes that, based on current guidance, use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant

jurisdictions; (iii) the underlying code contains, or may contain, significant flaws or vulnerabilities; (iv) there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset; or (v) for any other reason, in each case as determined by the Manager in its sole discretion.

Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. See "Item 15. Financial Statements and Exhibits—Note 11. Subsequent Events" for a description of the portfolio rebalancing.

Inclusion of New Fund Components

In order for a new digital asset to qualify for inclusion in the Fund's portfolio during a Rebalancing Period, such digital asset must have a market capitalization that is at least 1.25 times the current market capitalization, trailing 90-day median market capitalization and trailing 90-day average market capitalization of any Fund Component at such time. In addition, each new digital asset must meet the following liquidity requirements to be eligible for inclusion: the digital asset must have (x) an average 30-day trade volume of at least 30% of its market capitalization for the last three months, (y) trade on at least one exchange meeting the guidelines of the Reference Rate Provider and (z) have a trading history of at least three months on at least one such exchange (the "Inclusion Criteria" and, together with the Removal Criteria, the "Fund Construction Criteria"). In certain circumstances, the Manager may determine that it is appropriate to include or exclude a digital asset that does or does not meet the Inclusion Criteria, such as because the Target Coverage Ratio has not been met or because the Authorized Participant or the Fund's other service providers cannot trade in the digital asset. See "Expenses; Sales of Digital Assets—Dispositions of Fund Components and Forked Assets."

Through the Fund Construction Criteria, the Fund seeks to (i) provide large-cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund's portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market. The Manager may change the Fund Construction Criteria at any time in its sole discretion. Moreover, the Manager may decide, in its sole discretion, to include or exclude a digital asset if the Manager determines that such digital asset is or is not suitable for inclusion in the Fund's portfolio, irrespective of such digital asset's market capitalization or liquidity profile.

As of the date of this Information Statement, the digital assets included in the Fund's portfolio as Fund Components are: Bitcoin, Ether, Bitcoin Cash, Litecoin and Chainlink (LINK), and the indices used for determining the Digital Asset Reference Rate for each Fund Component were the CoinDesk XBK, ETX, BCX, LTX and LNX indices, respectively, as provided by the Reference Rate Provider.

On April 6, 2021, the Manager of the Fund, announced the updated Fund Component weightings for the Fund in connection with its quarterly review. Effective as of the end of day on April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Chainlink (LINK) in accordance with the Fund's construction criteria.

Valuation of Digital Assets and Determination of Digital Asset Holdings

The Fund's Digital Asset Holdings is the aggregate U.S. dollar value of the Fund's assets, less the U.S. dollar value of its expenses and other liabilities. The Fund's primary assets are Fund Components and the Fund values its Fund Components by reference to the "Digital Asset Reference Rate" for each Fund Component, which is the volume-weighted average price in U.S. dollars of such Fund Component, as determined by reference to a Spot Price or Index Price provided by the Reference Rate Provider as of 4:00 p.m., New York time on each business day. Each Digital Asset Reference Rate is calculated using a non-GAAP methodology and is not used in

the Fund's financial statements. See "Overview of the Digital Asset Industry and Market—Digital Asset Value—The Digital Asset Reference Rates."

If the Digital Asset Reference Rate for a Fund Component becomes unavailable, or if the Manager determines in good faith that such Digital Asset Reference Rate does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Reference Rate Provider to obtain the Digital Asset Reference Rate directly from the Reference Rate Provider. If after such contact such Digital Asset Reference Rate remains unavailable or the Manager continues to believe in good faith that such Digital Asset Reference Rate does not reflect an accurate price for the relevant, then the Manager will employ a cascading set of rules to determine the Index Price, as described in "Overview of the Digital Asset Industry and Market—Digital Asset Value—The Digital Asset Reference Rates."

As of December 31, 2020, the Digital Asset Holdings per Share, which is equal to the price at which Shares are issued to the Authorized Participant, was \$16.22.

Forked Assets

From time to time, the Fund may hold positions in Forked Assets as a result of a fork, airdrop or similar event. Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling Forked Assets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in-kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Rebalancing Period, at which point the Manager may take any of the foregoing actions. The Fund may also use Forked Assets to pay the Manager's Fee and Additional Fund Expenses, if any, as discussed below under "—Fund Expenses; Sales of Digital Assets."

On July 29, 2019, the Manager delivered to the Custodian a notice (the "Prospective Abandonment Notice") stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each time at which the Fund creates Shares (any such time, a "Creation Time"), all Forked Assets to which it would otherwise be entitled as of such time (any such abandonment, a "Prospective Abandonment"), provided that a Prospective Abandonment will not apply to any Forked Assets if (i) the Fund has taken, or is taking at such time, an Affirmative Action to acquire or abandon such Forked Assets at any time prior to such Creation Time or (ii) such Forked Assets has been subject to a previous Prospective Abandonment. An Affirmative Action is a written notification from the Manager to the Custodian of the Fund's intention (i) to acquire and/or retain a Forked Asset or (ii) to abandon any Forked Assets with effect prior to the relevant Creation Time.

As a result of the Prospective Abandonment Notice, since July 29, 2019, the Fund has irrevocably abandoned, prior to the Creation Time of any Shares, any Forked Asset that it may have had the right to receive. The Fund has no right to receive any Forked Asset abandoned pursuant to either the Prospective Abandonment Notice or an Affirmative Action. Furthermore, the Custodian has no authority, pursuant to the Custodian Agreement or otherwise, to exercise, obtain or hold, as the case may be, any such abandoned Forked Asset on behalf of the Fund or to transfer any such abandoned Forked Asset to the Fund if the Fund terminates its custodial agreement with the Custodian.

Fund Expenses

The Fund's only ordinary recurring expense is expected to be the Manager's Fee. From inception to January 1, 2021, the Manager's Fee was 3.0%. Effective January 1, 2021, the Manager's Fee was lowered to 2.5%. The Manager's Fee will accrue daily in U.S. dollars at an annual rate of 2.5% of the Fund's Digital Asset

Holdings Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the tokens of the Fund Components then held by the Fund in proportion to each Fund Component's Weighting. For any day that is not a business day or in a Rebalancing Period, the Manager's Fee will accrue in U.S. dollars at a rate of 2.5% of the Digital Asset Holdings Fee Basis Amount of the Fund from the most recent business day, reduced by the accrued and unpaid Manager's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the Digital Asset Reference Rate for such Fund Component on such day. We refer to the number of tokens of each Fund Component payable as the Manager's Fee for any day as a "Fund Component Fee Amount." For any day that is not a business day or during a Rebalancing Period for which the Digital Asset Holdings Fee Basis Amount is not calculated, the amount of each Fund Component payable in respect of such day's U.S. dollar accrual of the Manager's Fee will be determined by reference to the Fund Component Fee Amount from the most recent business day. Payments of the Manager's Fee will be made monthly in arrears.

To pay the Manager's Fee, the Manager will instruct the Custodian to (i) withdraw from the relevant Digital Asset Account the number of tokens for each Fund Component then held by the Fund equal to the Fund Component Fee Amount for such Fund Component and (ii) transfer such tokens of all Fund Components to accounts maintained by the Manager at such times as determined by the Manager in its absolute discretion. If the Fund holds any Forked Assets or cash, the Fund may also pay all or a portion of the Manager's Fee in Forked Assets and/or cash in lieu of paying the Manager's Fee in Fund Components, in which case, the Fund Component Fee Amounts in respect of such payment will be correspondingly and proportionally reduced.

After the payment of the Manager's Fee to the Manager, the Manager may elect to convert any digital assets it receives into U.S. dollars. The rate at which the Manager converts such digital assets into U.S. dollars may differ from the rate at which the Manager's Fee was initially determined. The Fund will not be responsible for any fees and expenses incurred by the Manager to convert digital assets received in payment of the Manager's Fee into U.S. dollars. The Manager, from time to time, may temporarily waive all or a portion of the Manager's Fee at its discretion. Presently, the Manager does not intend to waive any of the Manager's Fee.

As partial consideration for its receipt of the Manager's Fee, the Manager shall assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes but including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) the Custodian Fee and fees for any other security vendor engaged by the Fund, (iv) the Transfer Agent fee, (v) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year, (vi) ordinary course legal fees and expenses, (vii) audit fees, (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands, (ix) printing and mailing costs, (x) costs of maintaining the Fund's website and (xi) applicable license fees (the "Manager-paid Expenses"), provided that any expense that qualifies as an Additional Fund Expense will be deemed to be an Additional Fund Expense and not a Manager-paid Expense.

If Additional Fund Expenses are incurred, the Manager will (i) withdraw Fund Components from the Digital Asset Accounts in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund to convert such Fund Components into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses. If the Fund holds cash and/or Forked Assets, the Fund may also pay all or a portion of the Additional Fund Expenses in cash or Forked Assets instead of Fund Components, in which case, the amount of Fund Components that would otherwise have been used to satisfy such Additional Fund Expenses will be correspondingly and proportionally reduced.

The fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will decline each time the Fund pays the Manager's Fee or any Additional Fund Expenses by transferring or selling Fund Components, Forked Assets and/or cash.

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses").

In such circumstances, the Manager or its delegate (i) will instruct the Custodian to withdraw from the digital asset accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. dollars or other fiat currencies at the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset or (y) cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind in satisfaction of such Additional Fund Expenses.

Recent Developments

An outbreak of infectious respiratory illness caused by a novel coronavirus known as SARS-CoV-19 ("COVID-19") was first detected in China in December 2019 and has now been spread globally. This outbreak has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, lower consumer demand, layoffs, defaults and other significant economic impacts, as well as general concern and uncertainty. COVID-19 has had and will likely continue to have serious adverse effects on the economies and financial markets of many countries, resulting in an economic downturn that may adversely affect demand for digital assets generally and impact the value of, and demand for, the digital assets held by the Fund. Although the duration and magnitude of the impact of the COVID-19 outbreak or the occurrence of other epidemics or pandemics on the digital assets held by the Fund remains uncertain, the continued spread of COVID-19 and the imposition of related public health measures and travel and business restrictions have resulted in, and will continue to result in, increased volatility and uncertainty in economies and financial markets of many countries, which may include the Digital Asset Markets. For example, digital asset prices, including Fund Components, decreased significantly in the first quarter of 2020 amidst broader market declines as a result of the COVID-19 outbreak, increased significantly again in the second quarter of 2020 and continued to increase in the third quarter of 2020. In connection with the volatility in the broader market, the price for the Shares as reported by OTCQX also experienced volatility, with prices ranging from \$3.62 per Share to \$29.00 per Share over the twelve-month period ending December 31, 2020. Governmental authorities and regulators throughout the world have, in the past, responded to major economic disruptions with a variety of fiscal and monetary policy changes, such as quantitative easing, new monetary programs and lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, is likely to increase volatility in economies and financial market generally, and could specifically increase volatility in the Digital Asset Markets.

In addition, the COVID-19 pandemic has disrupted the operations of many businesses. In response to the COVID-19 pandemic, the Manager has made certain adjustments to its operations, including moving all of its employees to a remote working situation as of March 31, 2020. While the operations of the Manager and the affairs of the Fund have not been materially impacted as of the date hereof, the Manager continues to proactively

monitor the COVID-19 pandemic. See “Risk Factors—Risk Factors Related to the Fund and the Shares—The Fund faces risks related to COVID-19 outbreak, which could negatively impact the value of the Fund’s holdings and significantly disrupt its operations” for more information on the risks facing the Fund as a result of the COVID-19 pandemic.

Summary of Risk Factors

Investing in the Shares involves risks. You should carefully consider the risks described in the “Risk Factors” section beginning on page 14 before making a decision to invest in the Shares. If any of these risks actually occur, the Fund’s business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of the Shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks the Fund faces:

- The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including further declines in the trading prices of digital assets could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.
- Digital assets were only introduced within the past decade, and the medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of digital assets.
- Digital assets represent a new and rapidly evolving industry, and the value of the Shares depends on the acceptance of digital assets.
- The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors.
- Due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets and, consequently, the value of the Shares.
- The Digital Asset Reference Rate has a limited history and a failure of a Digital Asset Reference Rate could adversely affect the value of the Shares.
- The Fund faces risks related to COVID-19 outbreak, which could negatively impact the value of the Fund’s holdings and significantly disrupt its operations.
- Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund’s ability to halt creations from time to time, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, the Digital Asset Holdings per Share.
- The Shares may trade at a price that is at, above or below the Fund’s Digital Asset Holdings per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Exchange Market.
- Regulatory changes or actions may affect the value of the Shares or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Exchange Market in a manner that adversely affects the value of the Shares.
- If regulatory changes or interpretations of an Authorized Participant’s, the Fund’s or the Manager’s activities require the regulation of an Authorized Participant, the Fund or the Manager as a money service business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or as a money transmitter or digital asset business under state regimes for the licensing of such businesses, an Authorized Participant, the Fund or the Manager may be required to register and comply with such regulations, which could result in extraordinary, recurring and/or nonrecurring

expenses to the Authorized Participant, the Fund or Manager or increased commissions for the Authorized Participant's clients, thereby reducing the liquidity of the Shares.

- Regulatory changes or interpretations could cause the Fund and the Manager to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Fund.
- The Fund is a Cayman Islands limited liability company. The rights of the Fund's shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.
- Mail sent to the Fund at its registered office may be delayed in reaching the Manager.
- The Fund may be required to disclose information, including information relating to investors, to regulators.
- Potential conflicts of interest may arise among the Manager or its affiliates and the Fund. The Manager and its affiliates have no fiduciary duties to the Fund and its shareholders other than as provided in the LLC Agreement, which may permit them to favor their own interests to the detriment of the Fund and the shareholders.
- Shareholders cannot be assured of the Manager's continued services, the discontinuance of which may be detrimental to the Fund.
- Although the Custodian is a fiduciary with respect to the Fund's assets, it could resign or be removed by the Manager, which would trigger early termination of the Fund.

Emerging Growth Company Status

The Fund is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). For as long as the Fund is an emerging growth company, unlike other public companies, it will not be required to, among other things:

- provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002; or
- comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the SEC determines otherwise.

The Fund will cease to be an "emerging growth company" upon the earliest of (i) it having \$1.07 billion or more in annual revenues, (ii) it becomes a "large accelerated filer," as defined in Rule 12b-2 of the Exchange Act, (iii) it issuing more than \$1.0 billion of non-convertible debt over a three-year period or (iv) the last day of the fiscal year following the fifth anniversary of its initial public offering.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies; however, the Fund is choosing to "opt out" of such extended transition period, and as a result, the Fund will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that the Fund's decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Principal Offices

The Manager's principal office is located at 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902 and its telephone number is (212) 668-1427. The Custodian's principal office is located at 200 Park Avenue South, Suite 1208, New York, NY 10003.

RISK FACTORS

An investment in the Shares involves certain risks as described below. These risks should also be read in conjunction with the other information included in this Information Statement, including the Fund's financial statements and related notes thereto. See "Glossary of Defined Terms" for the definition of certain capitalized terms used in this Information Statement.

Risk Factors Related to Digital Assets

The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including further declines in the trading prices of digital assets could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.

The trading prices of many digital assets, including those held by the Fund, have experienced extreme volatility in recent periods and may continue to do so. For instance, there were steep increases in the value of certain digital assets, including the Fund Components, over the course of 2017, and multiple market observers asserted that digital assets were experiencing a "bubble." These increases were followed by steep drawdowns throughout 2018 in digital asset trading prices. These drawdowns notwithstanding, digital asset prices increased significantly again during 2019, decreased significantly again in the first quarter of 2020 amidst broader market declines as a result of the novel coronavirus outbreak and increased significantly again over the remainder of 2020 and the first several months of 2021. The Digital Asset Markets may still be experiencing a bubble or may experience a bubble again in the future. Extreme volatility in the future, including further declines in the trading prices of the Fund Components, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value. The Fund is not actively managed and it will not take any actions to take advantage, or mitigate, the impacts of volatility in the price of Fund Components.

Digital assets were only introduced within the past decade, and the medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of digital assets.

Digital assets were only introduced within the past decade, and the medium- to long-term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the nascency of their development, their dependence on the internet and other technologies, their dependence on the role played by users, developers and miners and the potential for malicious activity. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Digital asset networks and the software used to operate them are in the early stages of development. Given the nascency of the development of Digital Asset Networks, digital assets may not function as intended and parties may be unwilling to use digital assets, which would dampen the growth, if any, of Digital Asset Networks.
- The loss or destruction of a private key required to access a digital asset may be irreversible. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the owner would be unable to access the digital assets held in the Digital Asset Account corresponding to that private key and the private key will not be capable of being restored by the network of such digital asset.
- The open-source nature of many Digital Asset Network protocols means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such protocols. As a result, the developers and other contributors of a particular digital asset may lack a financial incentive to maintain or develop the network, or may lack the resources to adequately address emerging issues. Alternatively, some developers may be funded by companies

whose interests are at odds with other participants in a particular Digital Asset Network. If any Digital Asset Network does not successfully develop its policies on supply and issuance, or does so in a manner that is not attractive to network participants, there may not be sufficient network level support for such network, which could lead to a decline in the support and price of such digital asset.

- Many Digital Asset Networks are in the process of implementing software upgrades and other changes to their protocols. In addition, the acceptance of software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in a Digital Asset Network could result in a “fork” in such network’s blockchain, resulting in the operation of multiple separate networks. See “A temporary or permanent “fork” could adversely affect the value of the Shares” for additional information.
- Many Digital Asset Networks are in the process of developing and making significant decisions that will affect policies that govern the supply and issuance of such network’s digital assets as well as such network’s other protocols.
- The cryptography known as zk-SNARKs that is used to enhance the privacy of transactions on certain Digital Asset Networks, such as the Zcash and Horizen networks, is new and could ultimately fail, resulting in less privacy than believed or no privacy at all, and could adversely affect one’s ability to complete transactions on any such Digital Asset Network or otherwise adversely interfere with the integrity of the relevant blockchain. For example, on February 5, 2019, the team behind Zcash announced that it discovered a vulnerability in zk-SNARKs on March 1, 2018 that was subsequently patched in connection with a network upgrade called “Sapling” in October 2018. The vulnerability was a counterfeiting vulnerability that could have allowed an attacker to create fake ZEC on the Zcash network or fake ZEN on the Horizen network without being detected. Although the privacy features prevent one from being certain no ZEC or ZEN were counterfeited, the team behind Zcash found no evidence that counterfeiting occurred prior to the patch and believes the vulnerability has been fully remediated.
- The creators of certain Digital Asset Networks may have relied on procedures that could be vulnerable to allowing malicious actors to counterfeit tokens or cause other potential problems. For example, in implementing a type of cryptography known as zero-knowledge proofs, the creators of Zcash relied on a set of public parameters which allow users to construct and verify private transactions. Generating public parameters is similar to generating a public/private key pair, keeping the public key, and destroying the private key. Due to cryptographic limitations, these parameters had to be generated in the set-up phase of the Zcash network and involved trusted parties generating a public/private key pair. Each of these parties had exclusive access to a piece of the private key, known as a private key shard. If an attacker were to gather such private key shards and assemble a complete copy of the corresponding private key, such attacker could use it to create counterfeit Zcash tokens. The private key could be reconstructed, for example, if every participant involved in this setup process colluded to assemble and exploit the complete private key, or if the systems used to generate the public/private key pair were compromised or flawed in some way.
- Moreover, in the past, flaws in the source code for digital assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users’ personal information and/or resulted in the theft of users’ digital assets. The cryptography underlying the Fund Components could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take such Fund Component, which would adversely affect the value of the Shares. Moreover, functionality of the Digital Asset Network of the Fund Component may be negatively affected such that it is no longer attractive to users, thereby dampening demand for such Fund Component. In addition, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets including the Fund Components and therefore adversely affect the value of the Shares.

Moreover, because digital assets have been in existence for a short period of time and are continuing to develop, there may be additional risks in the future that are impossible to predict as of the date of this Information Statement.

Digital assets represent a new and rapidly evolving industry, and the value of the Shares depends on the acceptance of digital assets.

The first digital asset, Bitcoin, was launched in 2009. Ethereum launched in 2015 and, along with Bitcoin, was one of the first cryptographic digital assets to gain global adoption and critical mass. In general, Digital Asset Networks and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Bitcoin, Ethereum and a limited number of digital assets have only recently become selectively accepted by retail and commercial outlets, and use of digital assets by consumers remains limited. Banks and other established financial institutions may refuse to process funds for digital asset transactions; process wire transfers to or from Digital Asset Exchanges, digital asset related companies or service providers; or maintain accounts for persons or entities transacting in digital assets. As a result, the prices of digital assets are largely determined by speculators and miners, thus contributing to price volatility that makes retailers less likely to accept digital assets in the future.
- Banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services or that accept digital assets as payment, which could dampen liquidity in the market and damage the public perception of digital assets generally or any one digital asset in particular and their or its utility as a payment system, which could decrease the price of digital assets generally or individually.
- Certain privacy-preserving features have been or are expected to be introduced to Digital Asset Networks and exchanges or businesses that facilitate transactions in digital assets may be at an increased risk of having banking services cut off if there is a concern that these features interfere with the performance of anti-money laundering duties and economic sanctions checks.
- Users, developers and miners may otherwise switch to or adopt certain digital assets at the expense of their engagement with other Digital Asset Networks, which may negatively impact those networks.

Smart contracts are a new technology and ongoing development may magnify initial problems, cause volatility on the networks that use smart contracts and reduce interest in them, which could have an adverse impact on the value of digital assets that deploy smart contracts.

Smart contracts are programs that run on a blockchain that execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects. For example, in June 2016, a vulnerability in the smart contracts underlying The DAO, a distributed autonomous organization for venture capital funding, allowed an attack by a hacker to syphon approximately \$60 million worth of Ethereum from The DAO's accounts into a segregated account. In the aftermath of the theft, certain developers and core contributors pursued a "hard fork" of the Ethereum network in order to erase any record of the theft. Despite these efforts, the price of Ethereum dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a \$30 million theft of Ethereum, and in November 2017, a new vulnerability in Parity's wallet software led to roughly \$160 million worth of Ethereum being indefinitely frozen in an account. Initial problems and continued problems with the development and deployment of smart contracts may have an adverse effect on the value of the Fund Components and other digital assets that rely on smart contract technology.

A determination that a digital asset is a “security” may adversely affect the value of such digital assets and the value of the Shares if such digital asset is a Fund Component.

Depending on its characteristics, a digital asset may be considered a “security” under the federal securities laws. The test for determining whether a particular digital asset is a “security” is complex and difficult to apply, and the outcome is difficult to predict. Public, though non-binding, statements by senior officials at the SEC indicate that the SEC does not consider Bitcoin or Ethereum to be securities, at least currently, and the Securities and Exchange Commission (the “SEC”) staff has provided informal assurances to a handful of promoters that their digital assets are not securities. On the other hand, the SEC has brought enforcement actions against the promoters of several other digital assets on the basis that the digital assets in question are securities.

Such an enforcement action by the SEC or a state securities regulator, or a similar court decision, would be expected to have an immediate material adverse impact on the trading value of the digital asset, as well as the Shares of the Fund if such digital asset is a Fund Component. This is because the business models behind most digital assets are incompatible with regulations applying to transactions in securities. If a digital asset is determined or asserted to be a security, it is likely to become difficult or impossible for the digital asset to be traded, cleared or custodied in the United States through the same channels used by non-security digital assets, which in addition to materially and adversely affecting the trading value of the digital asset is likely to significantly impact its liquidity and market participants’ ability to convert the digital asset into U.S. dollars.

For example, in 2020 the SEC filed a complaint against the promoters of XRP alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. In the years prior to the SEC’s action, XRP’s market capitalization at times reached over \$140 billion. However, in the weeks following the SEC’s complaint, XRP’s market capitalization fell to less than \$10 billion, which was less than half of its market capitalization in the days prior to the complaint. In addition, major digital asset trading platforms announced that they would delist XRP from their platforms. On December 30, 2020, Genesis Global Trading, Inc., the Authorized Participant of the Fund, announced that effective January 15, 2021, at 5 p.m. ET, it would temporarily suspend trading for XRP. In accordance with the Fund’s Construction Criteria, during the Fund’s quarterly review, the Manager may determine to exclude a digital asset from the Fund’s portfolio even if it meets the Fund’s Inclusion Criteria, including, but not limited to, if the Authorized Participant does not have the ability to trade or otherwise support such digital asset. As a result, effective January 4, 2021, the Fund removed XRP from the Fund’s portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. The SEC’s action against XRP’s promoters underscores the continuing uncertainty around which digital assets are securities, and demonstrates that such factors as how long a digital asset has been in existence, how widely held it is, how large its market capitalization is and that it has actual usefulness in commercial transactions, ultimately may have no bearing on whether the SEC or a court will find it to be a security.

In addition, if a significant portion of the Fund Components are determined to be securities, the Fund could be considered an unregistered “investment company” under SEC rules, which could necessitate the Fund’s liquidation. In this case, the Fund and the Manager may be deemed to have participated in an illegal offering of securities and there is no guarantee that the Manager will be able to register the Fund under the Investment Company Act of 1940 at such time or take such other actions as may be necessary to ensure the Fund’s activities comply with applicable law, which could force the Manager to liquidate the Fund.

Moreover, whether or not the Manager or the Fund were subject to additional regulatory requirements as a result of any SEC or federal court determination that its assets include securities, the Manager may nevertheless decide to terminate the Fund, in order, if possible, to liquidate the Fund’s assets while a liquid market still exists. As a result, if the SEC or a federal court were to determine that a significant portion of Fund Components are securities, it is likely that the value of the Shares of the Fund would decline significantly, and that the Fund itself would be terminated and, if practical, its assets liquidated. Moreover, if it is determined that any Fund Component is a security, it is likely that the value of the Shares of the Fund would decline in proportion to the share of the Fund assets represented by such Fund Component.

Changes in the governance of a Digital Asset Network may not receive sufficient support from users and miners, which may negatively affect that Digital Asset Network's ability to grow and respond to challenges.

The governance of decentralized networks, such as Bitcoin and the Ethereum network, is by voluntary consensus and open competition. As a result, there may be a lack of consensus or clarity on the governance of any particular decentralized Digital Asset Network, which may stymie such network's utility and ability to grow and face challenges. The foregoing notwithstanding, the protocols for some decentralized networks, such as the Bitcoin network, are informally managed by a group of core developers. The core developers evolve over time, largely based on self-determined participation. To the extent that a significant majority of users and miners adopt amendments to a Digital Asset Network, such Digital Asset Network will be subject to new protocols that may adversely affect the value of the digital asset. If a significant majority of users and miners adopt amendments to a decentralized network based on the proposals of such core developers, such network will be subject to new protocols that may adversely affect the value of the relevant digital asset.

The governance of other networks, such as Stellar, is more formally managed by companies. The Stellar network is largely managed by the Stellar Development Foundation (also known as Stellar.org) ("SDF"). SDF will generally have control over amendments to, and the development of, their respective protocol's source code. To the extent that SDF makes any amendments to the Stellar networks' protocols, respectively, the Stellar networks will be subject to new protocols that may adversely affect the value of XLM, respectively. As a result of the foregoing, it may be difficult to find solutions or marshal sufficient effort to overcome any future problems, especially long-term problems, on Digital Asset Networks.

Digital asset networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.

Many Digital Asset Networks face significant scaling challenges due to the fact that public blockchains generally face a tradeoff between security and scalability. One means through which public blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization generally means a given Digital Asset Network is less susceptible to manipulation or capture. In practice, this typically means that every single node on a given Digital Asset Network is responsible for securing the system by processing every transaction and maintaining a copy of the entire state of the network. As a result, a Digital Asset Network may be limited in the number of transactions it can process by the capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of security or decentralization, such as off-chain payment channels and sharding. Off-chain payment channels would allow parties to transact without requiring the full processing power of a blockchain. Sharding can increase the scalability of a database, such as a blockchain, by splitting the data processing responsibility among many nodes, allowing for parallel processing and validating of transactions.

As corresponding increases in throughput lag behind growth in the use of Digital Asset Networks, average fees and settlement times may increase considerably. For example, the Bitcoin network has been, at times, at capacity, which has led to increased transaction fees. Since January 1, 2018, Bitcoin transaction fees have increased from \$26.27 per Bitcoin transaction, on average, to a high of \$32.52 per transaction, on average, on January 5, 2018. As of December 31, 2020, Bitcoin transaction fees stood at \$9.51 per Bitcoin transaction, on average. Increased fees and decreased settlement speeds could preclude certain uses for digital assets (e.g., micropayments), and could reduce demand for, and the price of, digital assets, which could adversely impact the value of the Shares.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of Digital Asset Network transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Shares.

Digital assets may have concentrated ownership and large sales or distributions by holders of any one digital asset could have an adverse effect on the market price of such digital asset.

Many digital assets have concentrated ownership. For example, as of December 31, 2020 the largest 100 BTC wallets held approximately 13.2% of the BTC in circulation, the largest 100 ETH wallets held approximately 35.5% of the ETH in circulation, the largest 100 BCH wallets held approximately 30.9% of the BCH in circulation and the largest 100 LTC wallets held approximately 43.7% of the LTC in circulation. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant number of digital assets, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of certain digital assets with highly concentrated ownership.

If the digital asset award for mining blocks and transaction fees for recording transactions on the Digital Asset Network of a Fund Component are not sufficiently high to incentivize miners, miners may cease expanding processing power or demand high transaction fees, which could negatively impact the value of the Fund Component and the value of the Shares.

If the digital asset awards for mining blocks or the transaction fees for recording transactions on the Digital Asset Network of a Fund Component are not sufficiently high to incentivize miners, miners may cease expanding processing power to mine blocks and confirmations of transactions on the digital asset's blockchain could be slowed. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Over the past several years, digital asset mining operations have evolved from individual users mining with computer processors, graphics processing units and first generation application specific integrated circuit machines to “professionalized” mining operations using proprietary hardware or sophisticated machines. If the profit margins of digital asset mining operations are not sufficiently high, digital asset miners are more likely to immediately sell tokens earned by mining, resulting in an increase in liquid supply of that digital asset, which would generally tend to reduce that digital asset's market price.
- A reduction in the processing power expended by miners on a Digital Asset Network could increase the likelihood of a malicious actor or botnet obtaining control. See “If a malicious actor or botnet obtains control of more than 50% of the processing power on a Digital Asset Network, or otherwise obtains control over a Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the blockchain of such digital asset to adversely affect the value of the Shares or the ability of the Fund to operate.”
- Miners have historically accepted relatively low transaction confirmation fees on most Digital Asset Networks. If miners demand higher transaction fees for recording transactions in a digital asset's blockchain or a software upgrade automatically charges fees for all transactions on a Digital Asset Network, the cost of using such digital asset may increase and the marketplace may be reluctant to accept such digital asset as a means of payment. Alternatively, miners could collude in an anti-competitive manner to reject low transaction fees on a Digital Asset Network and force users to pay higher fees, thus reducing the attractiveness of the Digital Asset Network. Higher transaction confirmation fees resulting through collusion or otherwise may adversely affect the attractiveness of such Digital Asset Network, the value of the Fund Component and the value of the Shares.
- To the extent that any miners cease to record transactions that do not include the payment of a transaction fee in mined blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on the blockchain of a digital asset until a block is mined by a miner who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in the Digital Asset Network.

If a malicious actor or botnet obtains control of more than 50% of the processing power on a Digital Asset Network, or otherwise obtains control over a Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the blockchain of such digital asset to adversely affect the value of the Shares or the ability of the Fund to operate.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on a particular Digital Asset Network, it may be able to alter the relevant blockchain on which transactions in that digital asset rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could also control, exclude or modify the ordering of transactions. Although the malicious actor or botnet would not be able to generate new tokens or transactions using such control, it could “double-spend” its own tokens (i.e., spend the same tokens in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the relevant Digital Asset Network or the digital asset community did not reject the fraudulent blocks as malicious, reversing any changes made to the relevant blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down the relevant Digital Asset Network.

For example, in August 2020, the Ethereum Classic Network was the target of two double-spend attacks by an unknown actor or actors that gained more than 50% of the processing power of the Ethereum Classic Network. The attack resulted in reorganizations of the Ethereum Classic Blockchain that allowed the attacker or attackers to reverse previously recorded transactions in excess of over \$5.0 million and \$1.0 million.

In addition, in May 2019, the Bitcoin Cash network experienced a 51% attack when two large mining pools reversed a series of transactions in order to stop an unknown miner from taking advantage of a flaw in a recent Bitcoin Cash protocol upgrade. Although this particular attack was arguably benevolent, certain individuals believe it negatively impacts the Bitcoin Cash network.

Further, a malicious actor or botnet could create a flood of transactions in order to slow down the relevant Digital Asset Network. For example, on June 2, 2018, the Horizen network was the target of a double-spend attack by an unknown actor that gained more than 50% of the processing power of the Horizen network. The attack was the result of delayed submission of blocks to the Horizen network. The core developers of Zen have since begun to implement mitigation procedures to significantly increase the difficulty of attacks of this nature by introducing a penalty for delayed block submissions.

Although there are no other known reports of malicious activity on, or control of, the networks of the digital assets currently held by the Fund, it is believed that certain mining pools have collectively exceeded the 50% threshold on some Digital Asset Networks, such as the Bitcoin network. The crossing of the 50% threshold indicates a greater risk that a single mining pool or small group of mining pools could exert authority over the validation of digital asset transactions, and this risk is heightened if over 50% of the processing power on the network falls within the jurisdiction of a single governmental authority. For example, a significant amount of the processing power on the Bitcoin network has been located in China. Because the Chinese government has subjected digital assets to heightened levels of scrutiny recently, reportedly forcing several Digital Asset Exchanges to shut down, there is a risk that the Chinese government could also achieve control over a significant amount of the processing power on the Bitcoin network. To the extent that similar events occur on the network of a digital asset held by the Fund, if the network participants, including the core developers and the administrators of mining pools, do not act to ensure greater decentralization of mining processing power of such network, the feasibility of a malicious actor obtaining control of the processing power on such network will increase, which may adversely affect the value of the Shares.

A malicious actor may also obtain control over a Digital Asset Network through its influence over core developers by gaining direct control over a core developer or an otherwise influential programmer. To the extent

that a digital asset ecosystem does not grow, the possibility that a malicious actor may be able to obtain control of the processing power on the relevant Digital Asset Network in this manner will remain heightened.

A temporary or permanent “fork” could adversely affect the value of the Shares.

Many Digital Asset Networks operate using open-source protocols, meaning that any user can download the software, modify it and then propose that the users and miners of the digital asset adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” of the network, with one group running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the digital asset running in parallel, yet lacking interchangeability. For example, in August 2017, Bitcoin “forked” into Bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process.

Forks may also occur as a network community’s response to a significant security breach. For example, in June 2016, an anonymous hacker exploited a smart contract running on the Ethereum network to syphon approximately \$60 million of ETH held by The DAO, a distributed autonomous organization, into a segregated account. In response to the hack, most participants in the Ethereum community elected to adopt a “fork” that effectively reversed the hack. However, a minority of users continued to develop the original blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain now referred to as Ether Classic, or ETC. ETC now trades on several Digital Asset Exchanges.

A fork may also occur as a result of an unintentional or unanticipated software flaw in the various versions of otherwise compatible software that users run. Such a fork could lead to users and miners abandoning the digital asset with the flawed software. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This could result in a permanent fork, as in the case of Ether and Ether Classic.

In addition, many developers have previously initiated hard forks in the Bitcoin blockchain to launch new digital assets, such as Bitcoin Cash, Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond, as well as the Bitcoin Cash blockchain to launch a new digital asset, Bitcoin Satoshi’s Vision. To the extent such digital assets compete with a digital asset held by the Fund, such competition could impact demand for such digital asset and could adversely impact the value of the Shares.

Furthermore, a hard fork can lead to new security concerns. For example, when the Ethereum and Ethereum Classic networks split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued Ethereum exchanges through at least October 2016. An Ethereum exchange announced in July 2016 that it had lost 40,000 Ether Classic, worth about \$100,000 at that time, as a result of replay attacks. Similar replay attack concerns occurred in connection with the Bitcoin Cash and Bitcoin Satoshi’s Vision networks split in November 2018. Another possible result of a hard fork is an inherent decrease in the level of security due to significant amounts of mining power remaining on one network or migrating instead to the new forked network. After a hard fork, it may become easier for an individual miner or mining pool’s hashing power to exceed 50% of the processing power of the Digital Asset Network that retained or attracted less mining power, thereby making digital assets that rely on proof-of-work more susceptible to attack.

The Ethereum Network is in the process of implementing software upgrades and other changes to its protocol. For example, in late 2021, the Ethereum Network began the first of several stages of an upgrade called Serenity, or Ethereum 2.0. Ethereum 2.0. is a new iteration of Ethereum that would amend its consensus mechanism to include proof-of-stake and sharding. A digital asset network’s consensus mechanism is a material aspect of its source code, and any failure to properly implement such a change could have a material adverse effect on the value of ETH and the value of the Shares.

A future fork in the network of a digital asset held by the Fund could adversely affect the value of the Shares or the ability of the Fund to operate.

Shareholders may not receive the benefits of any forks or “airdrops.”

In addition to forks, a digital asset may become subject to a similar occurrence known as an “airdrop.” In an airdrop, the promoters of a new digital asset announce to holders of another digital asset that such holders will be entitled to claim a certain amount of the new digital asset for free, based on the fact that they hold such other digital asset.

Shareholders may not receive the benefits of any forks, the Fund may not choose, or be able, to participate in an airdrop, and the timing of receiving any benefits from a fork, airdrop or similar event is uncertain. We refer to the right of the Fund to receive any such benefit and any such virtual currency acquired through such right as “Forked Assets.” There are likely to be operational, tax, securities law, regulatory, legal and practical issues that significantly limit, or prevent entirely, shareholders’ ability to realize a benefit, through their interests in the Fund, from any such Forked Assets. For instance, the Custodian may not agree to provide access to the Forked Assets. In addition, the Manager may determine that there is no safe or practical way to custody the Forked Assets, or that trying to do so may pose an unacceptable risk to the Fund’s holdings in digital assets, or that the costs of taking possession and/or maintaining ownership of the Forked Assets exceed the benefits of owning the Forked Assets. Additionally, laws, regulation or other factors may prevent shareholders from benefitting from the Forked Asset even if there is a safe and practical way to custody and secure the Forked Assets. For example, it may be illegal to sell or otherwise dispose of the Forked Asset, or there may not be a suitable market into which the Forked Asset can be sold (immediately after the fork or airdrop, or ever). The Manager may also determine, in consultation with its legal advisors, that the Forked Asset is, or is likely to be deemed, a security under federal or state securities laws. In such a case, the Manager would irrevocably abandon, as of any date on which the Fund holding such Forked Asset creates Shares, such Forked Asset if holding it would have an adverse effect on the Fund and it would not be practicable to avoid such effect by disposing of the Forked Asset in a manner that would result in shareholders of the Fund receiving more than insignificant value thereof. In making such a determination, the Manager expects to take into account a number of factors, including the definition of a “security” under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act, SEC v. W.J. Howey Co., 328 U.S. 293 (1946) and the case law interpreting it, as well as reports, orders, press releases, public statements and speeches by the SEC providing guidance on when a digital asset is a “security” for purposes of the federal securities laws.

The Fund has informed the Custodian that the Fund is irrevocably abandoning, as of any date on which the Fund creates Shares, any Forked Assets to which the Fund would otherwise be entitled as of such date and with respect to which it has not taken any Affirmative Action on or prior to such date. In order to avert abandonment of a Forked Asset, the Fund will send a notice to the Custodian of its intention to retain such Forked Asset. The Manager intends to evaluate each future fork or airdrop on a case-by-case basis in consultation with the Fund’s legal advisors, tax consultants and Custodian. Any inability to recognize the economic benefit of a hard fork or airdrop could adversely affect the value of the Shares. See “Fund Overview—Forked Assets.”

In the event of a hard fork of the network of a digital asset held by the Fund, the Manager will, if permitted by the terms of the LLC Agreement, use its discretion to determine which network should be considered the appropriate network for the Fund’s purposes, and in doing so may adversely affect the value of the Shares.

In the event of a hard fork of the Digital Asset Network of a digital asset held by the Fund, the Manager will, if permitted by the terms of the LLC Agreement, use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such Digital Asset Network, is generally accepted as the network for such digital asset and should therefore be considered the appropriate network for the Fund’s purposes. The Manager will base its determination on a variety of then relevant factors, including, but not limited to, the Manager’s beliefs regarding expectations of the core developers of such digital asset, users, services,

businesses, miners and other constituencies, as well as the actual continued acceptance of, mining power on, and community engagement with, the network of such digital asset. There is no guarantee that the Manager will choose the digital asset that is ultimately the most valuable fork, and the Manager's decision may adversely affect the value of the Shares as a result. The Manager may also disagree with shareholders, security vendors and the Reference Rate Provider on what is generally accepted as such digital asset going forward and should therefore be considered the digital asset going forward for the Fund's purposes, which may also adversely affect the value of the Shares as a result.

Any name change and any associated rebranding initiative by the core developers of a digital asset may not be favorably received by the digital asset community, which could negatively impact the value of such digital asset and an investment in the Shares.

From time to time, digital assets may undergo name changes and associated rebranding initiatives. For example, Bitcoin Cash may sometimes be referred to as Bitcoin ABC in an effort to differentiate itself from any Bitcoin Cash hard forks, such as Bitcoin Satoshi's Vision, and in the third quarter of 2018, the team behind Zen rebranded and changed the name of ZenCash to "Horizen." We cannot predict the impact of any name change and any associated rebranding initiative on the relevant digital asset. After a name change and an associated rebranding initiative, a digital asset may not be able to achieve or maintain brand name recognition or status that is comparable to the recognition and status previously enjoyed by such digital asset. The failure of any name change and any associated rebranding initiative by a digital asset may result in such digital asset not realizing some or all of the anticipated benefits contemplated by the name change and associated rebranding initiative, and could negatively impact the value of the relevant digital asset and an investment in the Shares.

Risk Factors Related to the Digital Asset Markets

The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors.

The value of the Shares relates directly to the value of the digital assets then held by the Fund and fluctuations in the price of any of such digital assets could adversely affect the value of the Shares. The market price of a digital asset held by the Fund may be highly volatile, and subject to a number of factors, including:

- An increase in the global supply of such digital asset;
- Manipulative trading activity on Digital Asset Exchanges, which are largely unregulated;
- The adoption of such digital asset as a medium of exchange, store of value or other consumptive asset and the maintenance and development of the open-source software protocol of the applicable Digital Asset Network;
- Forks in the applicable Digital Asset Network;
- Investors' expectations with respect to interest rates, the rates of inflation of fiat currencies or such digital asset, and digital asset exchange rates;
- Consumer preferences and perceptions of such digital asset specifically and digital assets generally;
- Fiat currency withdrawal and deposit policies on Digital Asset Exchanges;
- The liquidity of Digital Asset Markets and any increase or decrease in trading volume on Digital Asset Markets;
- Investment and trading activities of large investors that invest directly or indirectly in such digital asset;
- A "short squeeze" resulting from speculation on the price of such digital asset, if aggregate short exposure exceeds the number of Shares available for purchase;

- An active derivatives market for such digital asset or for digital assets generally;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations and regulatory measures or enforcement actions, if any, that restrict the use of such digital asset as a form of payment or the purchase of such digital asset in the Digital Asset Markets;
- Global or regional political, economic or financial conditions, events and situations, such as the novel coronavirus outbreak;
- Fees associated with processing a transaction of such digital asset and the speed at which such transactions are settled;
- Interruptions in service from or closures or failures of major Digital Asset Exchanges;
- Decreased confidence in Digital Asset Exchanges due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges;
- Increased competition from other forms of digital assets or payment services; and
- The Fund's own acquisitions or dispositions of such digital asset, since there is no limit on the number of tokens of any particular digital asset held by the Fund that it may acquire.

In addition, there is no assurance that any particular digital asset held by the Fund will maintain its value in the long or intermediate term. In the event that the price of any particular digital asset held by the Fund declines, the Manager expects the value of the Shares to decline in proportion to such decline and to the proportionate share of the Fund assets represented by such digital asset.

The value of a digital asset as represented by the applicable Digital Asset Reference Rate or by the principal market for such digital asset may also be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility that could adversely affect the value of the Shares. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for future appreciation in value, if any. The Manager believes that momentum pricing of many digital assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of the digital assets held by the Fund, inflating and making the applicable Digital Asset Reference Rate more volatile. As a result, any particular digital asset held by the Fund may be more likely to fluctuate in value due to changing investor confidence, which could impact future appreciation or depreciation in the applicable Digital Asset Reference Rate and could adversely affect the value of the Shares.

Due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets and, consequently, the value of the Shares.

The Digital Asset Exchanges are relatively new and, in some cases, unregulated. Furthermore, while many prominent Digital Asset Exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many Digital Asset Exchanges do not provide this information. As a result, the marketplace may lose confidence in Digital Asset Exchanges, including prominent exchanges that handle a significant volume of digital asset trading.

For example, in 2019 there were reports claiming that 80-95% of Bitcoin trading volume on Digital Asset Exchanges was false or non-economic in nature, with specific focus on unregulated exchanges located outside of the U.S. Such reports may indicate that the Digital Asset Exchange Market is significantly smaller than expected and that the U.S. makes up a significantly larger percentage of the Digital Asset Exchange Market than is commonly understood. Nonetheless, any actual or perceived false trading in the Digital Asset Exchange Market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of digital assets held by the Fund and/or negatively affect the market perception of the Fund Components.

In addition, over the past several years, some Digital Asset Exchanges have been closed due to fraud and manipulative activity, business failure or security breaches. In many of these instances, the customers of such Digital Asset Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset Exchanges. While smaller Digital Asset Exchanges are less likely to have the infrastructure and capitalization that make larger Digital Asset Exchanges more stable, larger Digital Asset Exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be targets of regulatory enforcement action. For example, the collapse of Mt. Gox, which filed for bankruptcy protection in Japan in late February 2014, demonstrated that even the largest Digital Asset Exchanges could be subject to abrupt failure with consequences for both users of Digital Asset Exchanges and the digital asset industry as a whole. In particular, in the two weeks that followed the February 7, 2014 halt of Bitcoin withdrawals from Mt. Gox, the value of one Bitcoin fell on other exchanges from around \$795 on February 6, 2014 to \$578 on February 20, 2014. Additionally, in January 2015, Bitstamp announced that approximately 19,000 Bitcoin had been stolen from its operational or “hot” wallets. Further, in August 2016, it was reported that almost 120,000 Bitcoins worth around \$78 million were stolen from Bitfinex, a large Digital Asset Exchange. The value of Bitcoin and other digital assets immediately decreased over 10% following reports of the theft at Bitfinex. In July 2017, the Financial Crimes Enforcement Network (“FinCEN”) assessed a \$110 million fine against BTC-E, a now defunct Digital Asset Exchange, for facilitating crimes such as drug sales and ransomware attacks. In addition, in December 2017, Yapian, the operator of Seoul-based cryptocurrency exchange Youbit, suspended digital asset trading and filed for bankruptcy following a hack that resulted in a loss of 17% of Yapian’s assets. Following the hack, Youbit users were allowed to withdraw approximately 75% of the digital assets in their exchange accounts, with any potential further distributions to be made following Yapian’s pending bankruptcy proceedings. In addition, in January 2018, the Japanese Digital Asset Exchange, Coincheck, was hacked, resulting in losses of approximately \$535 million, and in February 2018, the Italian Digital Asset Exchange, Bitgrail, was hacked, resulting in approximately \$170 million in losses. Most recently in May 2019, one of the world’s largest Digital Asset Exchanges, Binance, was hacked, resulting in losses of approximately \$40 million.

Negative perception, a lack of stability in the Digital Asset Markets and the closure or temporary shutdown of Digital Asset Exchanges due to fraud, business failure or security breaches may reduce confidence in Digital Asset Networks and result in greater volatility in the prices of digital assets. Furthermore, the closure or temporary shutdown of a Digital Asset Exchange used in calculating any of the Digital Asset Reference Rates may result in a loss of confidence in the Fund’s ability to determine its Digital Asset Holdings on a daily basis. These potential consequences of a Digital Asset Exchange’s failure could adversely affect the value of the Shares.

The Digital Asset Reference Rate has a limited history and a failure of a Digital Asset Reference Rate could adversely affect the value of the Shares.

Each Digital Asset Reference Rate has a limited history and is an average composite reference rate calculated using volume-weighted trading price data from various Digital Asset Exchanges chosen by the Reference Rate Provider. The Digital Asset Exchanges chosen by the Reference Rate Provider have also changed over time. Although each Digital Asset Reference Rate is designed to accurately capture the market price of the digital asset it tracks, third parties may be able to purchase and sell such digital assets on public or private markets not included among the constituent Digital Asset Exchanges of such Digital Asset Reference Rate, and such transactions may take place at prices materially higher or lower than the Digital Asset Reference Rate. Moreover, there have been variances in the prices of digital assets on the various Digital Asset Exchanges, including as a result of differences in fee structures or administrative procedures on different Digital Asset Exchanges, in the past. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Historical Fund Component Prices.” To the extent such prices differ materially from the Digital Asset Reference Rates, investors may lose confidence in the Shares’ ability to track the market price of such digital asset, which could adversely affect the value of the Fund.

For example, the Digital Asset Reference Rate for Bitcoin is an Index Price for Bitcoin. Based on data provided by the Reference Rate Provider, on any given day during the twelve months ended December 31, 2020,

the maximum differential between the 4:00 p.m., New York time spot price of any single Digital Asset Exchange included in the Index and the Index Price for Bitcoin was 14.21% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Exchange included in the Index and the Index Price for Bitcoin was 14.14%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Exchanges included in the Index and the Index Price for Bitcoin was 0.18%. The timeframe chosen reflects the longest continuous period during which the Digital Asset Exchanges that are currently included in the Index for Bitcoin have been constituents. All Digital Asset Exchanges that were included in the Index for Bitcoin throughout the period were considered in this analysis.

As another example, the Digital Asset Reference Rate for Ethereum is an Index Price for Ethereum. Based on data provided by the Reference Rate Provider, on any given day during the twelve months ended December 31, 2020, the maximum differential between the 4:00 p.m., New York time spot price of any single Digital Asset Exchange included in the Index and the Index Price for Ethereum was 16.25% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Exchange included in the Index and the Index Price for Ethereum was 16.15%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Exchanges included in the Index and the Index Price for Ethereum was -0.39%. The timeframe chosen reflects the longest continuous period during which the Digital Asset Exchanges that are currently included in the Index for Ethereum have been constituents. All Digital Asset Exchanges that were included in the Index for Ethereum throughout the period were considered in this analysis.

The Digital Asset Reference Rate used to calculate the value of a Fund Component may be volatile, and purchasing activity in the Digital Asset Markets associated with Basket creations or selling activity following Basket redemptions, if permitted, may affect the relevant Digital Asset Reference Rate and Share trading prices, adversely affecting the value of the Shares.

The price of digital assets on public Digital Asset Exchanges has a very limited history, and during this history, digital asset prices on the Digital Asset Markets as a whole, and on Digital Asset Exchanges individually, have been volatile and subject to influence by many factors, including operational interruptions. While each Digital Asset Reference Rate is designed to limit exposure to the interruption of individual Digital Asset Exchanges, each Digital Asset Reference Rate, and the price of digital assets generally, remains subject to volatility experienced by Digital Asset Exchanges, and such volatility can adversely affect the value of the Shares. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Historical Digital Asset Holdings and Digital Asset Prices.”

Furthermore, because the number of Digital Asset Exchanges is limited, each Digital Asset Reference Rate will necessarily be calculated by reference to a limited number of Digital Asset Exchanges. If a Digital Asset Exchange were subjected to regulatory, volatility or other pricing issues, the Reference Rate Provider would have limited ability to remove such Digital Asset Exchange from the group of trading venues used by it to calculate the relevant Digital Asset Reference Rate, which could skew the price of the digital asset as represented by such Digital Asset Reference Rate. Trading on a limited number of Digital Asset Exchanges may result in less favorable prices and decreased liquidity of one or more digital assets and, therefore, could have an adverse effect on the value of the Shares.

Purchasing activity associated with acquiring digital assets required for the creation of Baskets may increase the market price of digital assets on the Digital Asset Markets, which will result in higher prices for the Shares. Increases in the market price of digital assets may also occur as a result of the purchasing activity of other market participants. Other market participants may attempt to benefit from an increase in the market price of any particular digital asset that may result from increased purchasing activity of such digital asset connected with the issuance of Baskets. Consequently, the market price of any particular digital asset may decline immediately after Baskets are created. Decreases in the market price of digital assets may also occur as a result of sales in Secondary Markets by other market participants. If any of the Digital Asset Reference Rates declines, the trading price of the Shares will generally also decline.

Competition from the emergence or growth of other methods of investing in digital assets could have a negative impact on the price of the digital assets held by the Fund and adversely affect the value of the Shares.

Investors may invest in digital assets through means other than an investment in the Shares, including through direct investments in digital assets and other potential financial vehicles, possibly including securities backed by or linked to one or more digital assets and digital asset financial vehicles similar to the Fund. Market and financial conditions, and other conditions beyond the Manager's control, may make it more attractive to invest in other financial vehicles or to invest in such digital assets directly, which could limit the market for, and reduce the liquidity of, the Shares. In addition, to the extent digital asset financial vehicles other than the Fund tracking the price of one or more digital assets are formed and represent a significant proportion of the demand for any particular digital asset, large purchases or redemptions of the securities of these digital asset financial vehicles, or private funds holding such digital asset, could negatively affect any of the Digital Asset Reference Rates, the Digital Asset Holdings, the NAV, the NAV per Share and the price of the Shares.

Failure of funds that hold digital assets or that have exposure to digital assets through derivatives to receive SEC approval to list their shares on exchanges could adversely affect the value of the Shares.

There have been a growing number of attempts to list on national securities exchanges the shares of funds that hold digital assets or that have exposures to digital assets through derivatives. These investment vehicles attempt to provide institutional and retail investors exposure to markets for digital assets and related products. The SEC has repeatedly denied such requests. On January 18, 2018, the SEC's Division of Investment Management outlined several questions that sponsors would be expected to address before the SEC will consider granting approval for funds holding "substantial amounts" of cryptocurrencies or "cryptocurrency-related products." The questions, which focus on specific requirements of the Investment Company Act of 1940, generally fall into one of five key areas: valuation, liquidity, custody, arbitrage and potential manipulation. The SEC has not explicitly stated whether each of the questions set forth would also need to be addressed by entities with similar products and investment strategies that instead pursue registered offerings under the Securities Act, although such entities would need to comply with the registration and prospectus disclosure requirements of the Securities Act. Furthermore, NYSE Arca previously withdrew its application with the SEC to list an affiliate of the Fund, Grayscale Bitcoin Trust (BTC), on a national securities exchange. Requests to list the shares of other funds on national securities exchanges have also been submitted to the SEC. More recently, the Chicago Board Options Exchange ("CBOE") withdrew a request to list the shares of the VanEck SolidX Bitcoin Trust in September 2019 and the SEC issued disapprovals of NYSE Arca's requests to list the shares of the Bitwise Bitcoin ETF Trust in October 2019 and the shares of the United States Bitcoin and Treasury Investment Trust in February 2020. The exchange listing of shares of digital asset funds would create more opportunities for institutional and retail investors to invest in the Digital Asset Market. If exchange-listing requests are not approved by the SEC and further requests are ultimately denied by the SEC, increased investment interest by institutional or retail investors could fail to materialize, which could reduce the demand for digital assets generally and therefore adversely affect the value of the Shares.

Risk Factors Related to the Fund and the Shares

The Fund faces risks related to COVID-19 outbreak, which could negatively impact the value of the Fund's holdings and significantly disrupt its affairs.

An outbreak of infectious respiratory illness caused by a novel coronavirus known as SARS-CoV-19 ("COVID-19") was first detected in China in December 2019 and has now been spread globally. This outbreak has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, lower consumer demand, layoffs, defaults and other significant economic impacts, as well as general concern and uncertainty. COVID-19 has had and will likely continue to have serious adverse effects on the economies and financial markets of many countries, resulting in an economic downturn that may adversely

affect demand for digital assets generally and impact the value of, and demand for, the digital assets held by the Fund. Although the duration and magnitude of the impact of the COVID-19 outbreak or the occurrence of other epidemics or pandemics on the digital assets held by the Fund remains uncertain, the continued spread of COVID-19 and the imposition of related public health measures and travel and business restrictions have resulted in, and will continue to result in, increased volatility and uncertainty in economies and financial markets of many countries, which may include the Digital Asset Markets. For example, digital asset prices, including the Fund Components, decreased significantly in the first quarter of 2020 amidst broader market declines as a result of the COVID-19 outbreak and increased significantly again in the second quarter of 2020 and continued to increase in the third and fourth quarters of 2020. In connection with the volatility in the broader market, the price for the Shares as reported by OTCQX has experienced volatility with prices ranging from \$3.62 per share to \$29.00 per share during the twelve-month period ended December 31, 2020. There can be no assurance that the recovery of the price of the Shares in the fourth quarter or the broader recovery in digital asset markets will continue. In particular, any second wave of the COVID-19 pandemic regionally or nationally could have a negative impact on the broader market and the price of the Shares. Governmental authorities and regulators throughout the world have, in the past, responded to major economic disruptions with a variety of fiscal and monetary policy changes, such as quantitative easing, new monetary programs and lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, is likely to increase volatility in economies and financial market generally, and could specifically increase volatility in the Digital Asset Markets, which could adversely affect the value of the Fund Components and the price of the Shares.

In addition, the COVID-19 pandemic has disrupted the operations of many businesses. In response to the COVID-19 pandemic, the Manager has made certain adjustments to its operations, including moving all of its employees to a remote working situation as of March 31, 2020. While the operations of the Manager and the affairs of the Fund have not been materially impacted as of the date hereof, there can be no assurance that further developments with respect to the COVID-19 pandemic will not have such an impact. Moreover, the Fund relies on third party service providers to perform certain functions essential to managing the affairs of the Fund. Any disruptions to the Fund's service providers' business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs could have an adverse impact on the Fund's ability to access critical services and would be disruptive to the affairs of the Fund. The COVID-19 outbreak or a similar pandemic could also cause disruption to Digital Asset Markets, including the closure of Digital Asset Exchanges, which could impact the price of the Fund Components and impact the Reference Rate or the Reference Rate Provider's operations, all of which could have a negative impact on the Fund.

Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, the Digital Asset Holdings per Share.

Shares purchased from the Fund in sales in private placements are subject to a holding period under Rule 144. Pursuant to Rule 144, once the Fund has been subject to the reporting requirements of Section 13 under the Exchange Act for a period of 90 days, the minimum holding period for Shares purchased in the private placement will be shortened from one year to six months. In addition, the Fund does not currently operate an ongoing redemption program. As a result, the Fund cannot rely on arbitrage opportunities resulting from differences between the price of the Shares and the price of the Fund Component to keep the price of the Shares closely linked to the relevant Digital Asset Reference Rate. As a result, the value of the Shares may not approximate the Fund's Digital Asset Holdings per Share or meet the Fund's investment objective, and the Shares may trade at a substantial premium over, or substantial discount to, the value of the Fund's Digital Asset Holdings per Share. For example, in the past, the price of the Shares as quoted on OTCQX varied significantly from the Digital Asset Holdings per Share due in part to these factors, among others, and has historically traded at a substantial premium over the Digital Asset Holdings per Share.

The Shares may trade at a price that is at, above or below the Fund's Digital Asset Holdings per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Exchange Market.

The Fund's Digital Asset Holdings per Share will fluctuate with changes in the market value of the Fund Components, and the Manager expects the trading price of the Shares to fluctuate in accordance with changes in the Fund's Digital Asset Holdings, as well as market supply and demand. However, the Shares may trade on OTCQX at, above or below the Fund's Digital Asset Holdings per Share for a variety of reasons. For example, OTCQX is open for trading in the Shares for a limited period each day, but the Digital Asset Exchange Market is a 24-hour marketplace. During periods when OTCQX is closed but Digital Asset Exchanges are open, significant changes in the price of the Fund Components on the Digital Asset Exchange Market could result in a difference in performance between the value of the Fund Components as measured by the Digital Asset Reference Rates and the most recent Digital Asset Holdings per Share or closing trading price. For example, if the price of the Fund Components on the Digital Asset Exchange Market, and the value of the Fund Components as measured by the Digital Asset Reference Rates, moves significantly in a negative direction after the close of OTCQX, the trading price of the Shares may "gap" down to the full extent of such negative price shift when OTCQX reopens. If the price of the Fund Components on the Digital Asset Exchange Market drops significantly during hours OTCQX is closed, investors may not be able to sell their Shares until after the "gap" down has been fully realized, resulting in an inability to mitigate losses in a rapidly negative market. Even during periods when OTCQX is open, large Digital Asset Exchanges (or a substantial number of smaller Digital Asset Exchanges) may be lightly traded or are closed for any number of reasons, which could increase trading spreads and widen any premium or discount on the Shares.

Shareholders who purchase Shares on OTCQX that are trading at a substantial premium over the Digital Asset Holdings per Share may suffer a loss on their investment if such premium decreases.

Historically, the Shares have traded at a substantial premium over the Digital Asset Holdings per Share. For as long as the Shares trade at a substantial premium, investors who purchase Shares on OTCQX will pay substantially more for their Shares than investors who purchase Shares in the private placement. The premium at which the Shares have traded has fluctuated over time. From November 22, 2019 to December 31, 2020, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund's Digital Asset Holdings per Share was 297% and the average premium was 72%. Moreover, the closing price of the Shares as, quoted on OTCQX at 4:00 p.m., New York time, on each business day, has only been quoted at a discount on April 1, 2020. The discount on that day was 4%. As of December 31, 2020, the Fund's Shares were quoted on OTCQX at a premium of 17% to the Fund's Digital Asset Holdings per Share. As a result, shareholders who purchase Shares on OTCQX may suffer a loss on their investment if they sell their Shares at a time when the premium has decreased from the premium at which they purchased the Shares even if the Digital Asset Holdings per Share remains the same. Furthermore, shareholders may suffer a loss on their investment even if the Digital Asset Holdings per Share increases because the decrease in such premium may offset any increase in the Digital Asset Holdings per Share.

The value of the Shares may be influenced by a variety of factors unrelated to the value of the digital assets held by the Fund.

The value of the Shares may be influenced by a variety of factors unrelated to the price of the digital assets held by the Fund and the Digital Asset Exchanges included in the Digital Asset Reference Rates that may have an adverse effect on the price of the Shares. These factors include the following factors:

- Unanticipated problems or issues with respect to the mechanics of the Fund's operations and the trading of the Shares may arise, in particular due to the fact that the mechanisms and procedures governing the creation, redemption and offering of the Shares and storage of digital assets have been developed specifically for this product;

- The Fund could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and security vulnerabilities; or
- The Fund could experience unforeseen issues relating to the performance and effectiveness of the security procedures used to protect its Digital Asset Accounts, or the security procedures may not protect against all errors, software flaws or other vulnerabilities in the Fund's technical infrastructure, which could result in theft, loss or damage of its assets.
- Service providers may decide to terminate their relationships with the Fund due to concerns that the introduction of privacy enhancing features to any particular Digital Asset Network may increase the potential for such digital asset to be used to facilitate crime, exposing such service providers to potential reputational harm.

Any of these factors could affect the value of the Shares, either directly or indirectly through their effect on the Fund's assets.

Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act or the protections afforded by the CEA.

The Investment Company Act is designed to protect investors by preventing insiders from managing investment companies to their benefit and to the detriment of public investors, such as: the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and investment companies from engaging in excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets, restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management.

The Fund is not a registered investment company under the Investment Company Act, and the Manager believes that the Fund is not required to register under such act. Consequently, shareholders do not have the regulatory protections provided to investors in investment companies.

The Fund will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, the Manager believes that the Fund is not a commodity pool for purposes of the CEA, and that the Manager is not subject to regulation by the CFTC as a commodity pool operator or a commodity trading advisor in connection with the operation of the Fund. Consequently, shareholders will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

The restrictions on transfer and redemption may result in losses on an investment in the Shares.

Shares purchased in the private placement may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void *ab initio*. See "Description of the Shares—Transfer Restrictions" for more information.

At this time the Manager is not accepting redemption requests from shareholders. Therefore, unless the Fund is permitted to, and does, establish a Share redemption program, shareholders will be unable to (or could be significantly impeded in attempting to) sell or otherwise liquidate investments in the Shares, which could have a material adverse impact on demand for the Shares and their value.

Affiliates of the Fund previously entered into a settlement agreement with the SEC concerning the operation of one such affiliate's former redemption programs.

On April 1, 2014, Grayscale Bitcoin Trust (BTC), an affiliate of the Fund, launched a program pursuant to which its shareholders could request redemptions from Genesis Global Trading Inc. ("Genesis"), an affiliate of the Fund and the sole Authorized Participant of Grayscale Bitcoin Trust (BTC) at that time. On September 23, 2014, Genesis received a letter from the staff of the SEC's Office of Compliance Inspections and Examinations summarizing the staff's findings from an onsite review of Genesis's broker-dealer activities conducted in June 2014. In its exit report, the staff stated that it had concluded that Grayscale Bitcoin Trust (BTC)'s redemption program, in which its shareholders were permitted to request the redemption of their shares through Genesis, appeared to violate Regulation M under the Exchange Act because such redemptions of shares took place at the same time Grayscale Bitcoin Trust (BTC) was in the process of creating shares. On July 11, 2016, Genesis and Grayscale Bitcoin Trust (BTC) entered into a settlement agreement with the SEC whereby they agreed to a cease-and-desist order against future violations of Rules 101 and 102 of Regulation M under the Exchange Act. Genesis also agreed to pay disgorgement of \$51,650.11 in redemption fees it collected, plus prejudgment interest of \$2,105.68, for a total of \$53,755.79. The Fund currently has no intention of seeking an exemption from the SEC under Regulation M in order to institute a redemption program.

There is no guarantee that an active trading market for the Shares will continue to develop.

The Shares are qualified for public trading on OTCQX and an active trading market for the Shares has developed. However, there can be no assurance that such trading market will be maintained or continue to develop. In addition, OTCQX can halt the trading of the Shares for a variety of reasons. To the extent that OTCQX halts trading in the Shares, whether on a temporary or permanent basis, investors may not be able to buy or sell Shares, which could adversely affect the value of the Shares. If an active trading market for the Shares does not continue to exist, the market prices and liquidity of the Shares may be adversely affected. We also intend to seek to list the Shares on NYSE Arca sometime in the future. NYSE Arca must receive approval from the SEC in order to list the Shares. During 2016 and 2017, NYSE Arca and other exchanges filed several requests with the SEC to list the shares of digital asset funds, including the shares of Grayscale Bitcoin Trust (BTC). After the SEC issued disapprovals for a number of these requests, NYSE Arca withdrew its request relating to the shares of Grayscale Bitcoin Trust (BTC). More recently, the CBOE withdrew a request to list the shares of the VanEck SolidX Bitcoin Trust in September 2019 and the SEC issued disapprovals of NYSE Arca's requests to list the shares of the Bitwise Bitcoin ETF Trust in October 2019 and shares of the United States Bitcoin and Treasury Investment Trust in February 2020. As such, there is no guarantee that we will be successful in listing the Shares on NYSE Arca even once we decide to do so.

As the Manager and its management have limited history of operating investment vehicles like the Fund, their experience may be inadequate or unsuitable to manage the Fund.

The past performances of the Manager's management in other investment vehicles, including their experiences in the digital asset and venture capital industries, are no indication of their ability to manage an investment vehicle such as the Fund. If the experience of the Manager and its management is inadequate or unsuitable to manage an investment vehicle such as the Fund, the operations of the Fund may be adversely affected.

Furthermore, the Manager is currently engaged in the management of other investment vehicles which could divert their attention and resources. If the Manager were to experience difficulties in the management of such other investment vehicles that damaged the Manager or its reputation, it could have an adverse impact on the Manager's ability to continue to serve as Manager for the Fund.

The Manager will incur significant costs as a result of the registration of the Shares under the Exchange Act and the Fund becoming a reporting issuer under the Exchange Act.

As the manager of a fund fully reporting under the Exchange Act, the Manager will incur significant legal, accounting and other expenses that it did not incur previously. In addition, the Exchange Act imposes various requirements on issuers that require the Manager's management and other personnel to devote a substantial amount of time to compliance initiatives.

The Fund's investment policies are rules-driven, which may lead the Fund's portfolio to be underrepresented with respect to digital assets that are increasing in value and/or overrepresented with respect to digital assets that are declining in value.

Although the Fund will generally hold the Fund Components in proportion to their market capitalization, the Fund will not invest in digital assets that do not meet the Fund Construction Criteria except under specific circumstances. In addition, the Manager may exclude a digital asset from the Fund's portfolio even if it meets the Fund's Construction Criteria because, among other reasons, (i) none or few of the Authorized Participants or service providers has the ability to trade or otherwise support the digital asset; (ii) use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions; (iii) the underlying code contains, or may contain, significant flaws or vulnerabilities; or (iv) for any other reason, in each case as determined by the Manager in its sole discretion. As a result, the Fund's portfolio may be underrepresented with respect to digital assets that are increasing in value and/or overrepresented with respect to digital assets that are declining in value. Should this be the case, the Fund may underperform relative to other investment options that do invest in such digital assets and do not follow similar investment policies.

Moreover, the Manager will only rebalance the Fund's portfolio on a quarterly basis and in accordance with specific criteria set forth under "Activities of the Fund—Rebalancing." Because the Fund will not actively manage the portfolio in between Rebalancing Periods, the Fund may hold digital assets during periods in which their prices are flat or declining and may not be holding digital assets during periods in which such prices are rising if such price activity occurs between Rebalancing Periods. For example, if any of the Fund Components are declining in value, the Fund will not sell such Fund Components except during Rebalancing Periods in accordance with its investment policies or, if redemptions are then permitted, in order to meet redemptions. Any decrease in value of the Fund Components will result in a decrease in the Digital Asset Holdings which will negatively impact the value of the Shares. The Fund will not sell the Fund Components to attempt to avoid losses.

Moreover, there may be costs associated with a rebalancing of the Fund's portfolio, including transaction costs associated with the sale or purchase of digital assets and any tax on gains recognized by the Fund upon sales of digital assets, which could impact the Fund's performance.

The Fund's investments in digital assets may be illiquid.

It may be difficult or impossible for the Fund to sell a Fund Component or a Forked Asset during a Rebalancing Period. Any such illiquidity may impact the Fund's ability to sell the Fund Components or Forked Assets, even under circumstances when the Manager believes it would be advantageous to do so. Digital assets are also often difficult to value and market prices for digital assets have experienced significant volatility in comparison to more liquid investments in other asset classes, such as equities, which could adversely affect the price at which the Fund is able to sell the Fund Components or Forked Assets, if it is able to do so at all.

Security threats to the Digital Asset Accounts could result in the halting of Fund operations and a loss of Fund assets or damage to the reputation of the Fund, each of which could result in a reduction in the price of the Shares.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in relation to digital assets. The Manager believes that the Fund's digital assets held in the Digital Asset Accounts will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Fund's digital assets and will only become more appealing as the Fund's assets grow. To the extent that the Fund, the Manager, or the Custodian is unable to identify and mitigate or stop new security threats or otherwise adapt to technological changes in the digital asset industry, the Fund's digital assets may be subject to theft, loss, destruction or other attack.

The Manager believes that the security procedures in place for the Fund, including but not limited to, offline storage, or "cold storage," multiple encrypted private key "shards", usernames, passwords and 2-step verification, are reasonably designed to safeguard the Fund's digital assets. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by the Fund.

The security procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Manager, the Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to a Digital Asset Account, the relevant private keys (and therefore digital assets) or other data of the Fund. Additionally, outside parties may attempt to fraudulently induce employees of the Manager or the Custodian to disclose sensitive information in order to gain access to the Fund's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Manager and the Custodian may be unable to anticipate these techniques or implement adequate preventative measures.

An actual or perceived breach of a Digital Asset Account could harm the Fund's operations, result in loss of the Fund's assets, damage the Fund's reputation and negatively affect the market perception of the effectiveness of the Fund, all of which could in turn reduce demand for the Shares, resulting in a reduction in the price of the Shares. The Fund may also cease operations, the occurrence of which could similarly result in a reduction in the price of the Shares.

Transactions in digital assets are irrevocable and stolen or incorrectly transferred digital assets may be irretrievable. As a result, any incorrectly executed digital asset transactions could adversely affect the value of the Shares.

Digital asset transactions are typically not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer or theft of the applicable digital asset generally will not be reversible and the Fund may not be capable of seeking compensation for any such transfer or theft. Although the Fund's transfers of digital assets will regularly be made to or from the Digital Asset Accounts, it is possible that, through computer or human error, or through theft or criminal action, the Fund's digital assets could be transferred from the Fund's Digital Asset Accounts in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Such events have occurred in connection with digital assets in the past. For example, in September 2014, the Chinese Bitcoin exchange Huobi announced that it had sent approximately 900 Bitcoins and 8,000 Litecoins (worth approximately \$400,000 at the prevailing market prices at the time) to the wrong customers. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's digital assets through error or theft, the Fund will be unable to revert or otherwise recover incorrectly transferred digital assets. The Fund will also be unable to convert or recover its digital assets transferred to uncontrolled accounts. To the extent that the Fund is unable to seek redress for such error or theft, such loss could adversely affect the value of the Shares.

The Manager may need to find and appoint a replacement custodian, which could pose a challenge to the safekeeping of the Fund's digital assets.

The Manager could decide to replace Coinbase Custody Trust Company, LLC as the Custodian of the Fund. Transferring maintenance responsibilities of the Digital Asset Account of the Fund to another party will likely be complex and could subject the Fund's digital assets to the risk of loss during the transfer, which could have a negative impact on the performance of the Shares or result in loss of the Fund's assets.

The Manager may not be able to find a party willing to serve as the custodian under the same terms as the current Custodian Agreement. To the extent that the Manager is not able to find a suitable party willing to serve as the custodian, the Manager may be required to terminate the Fund and liquidate its digital assets. In addition, to the extent that the Manager finds a suitable party but must enter into a modified Custodian Agreement that is less favorable for the Fund or the Manager, the value of the Shares could be adversely affected.

The lack of full insurance and shareholders' limited rights of legal recourse against the Fund, Manager, Transfer Agent and Custodian expose the Fund and its shareholders to the risk of loss of the Fund's digital assets for which no person or entity is liable.

The Fund is not a banking institution or otherwise members of the Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC") and, therefore, deposits held with or assets held by the Fund are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. In addition, neither the Fund nor the Manager directly insures the Fund's digital assets. While the Custodian has indicated to the Manager that it has insurance coverage of up to \$320 million that covers losses of the digital assets it custodies on behalf of its clients, including the Fund's digital assets, resulting from theft, shareholders of the Fund cannot be assured that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund's digital assets.

Furthermore, under the Custodian Agreement, the Custodian's liability with respect to the Fund will never exceed the value of the digital assets on deposit in the Fund's Digital Asset Accounts at the time of, and directly relating to, the events giving rise to the liability occurred, as determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address for the Fund's Digital Asset Account holds digital assets with a value in excess of the Cold Storage Threshold (as defined below) for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Manager monitors the value of digital assets deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of digital assets deposited in each cold storage address on business days.

The Custodian is not liable for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages. Notwithstanding the foregoing, the Custodian is liable to the Manager and the Fund for the loss of any digital assets to the extent that the Custodian directly caused such loss (including if the Fund or the Manager is not able to timely withdraw digital assets from the applicable Digital Asset Account according to the Custodian Agreement), even if the Custodian meets its duty of exercising best efforts, and the Custodian is required to return to the Fund a quantity equal to the quantity of any such lost digital assets.

The shareholders' recourse against the Manager and the Fund's other service providers for the services they provide to the Fund, including those relating to the provision of instructions relating to the movement of digital assets, is limited. Consequently, a loss may be suffered with respect to the Fund's digital assets that is not covered by insurance and for which no person is liable in damages. As a result, the recourse of the Fund or the shareholders, under New York law, is limited.

The Fund may be required, or the Manager may deem it appropriate, to wind up, liquidate and dissolve at a time that is disadvantageous to shareholders.

If the Fund is required to wind up, liquidate and dissolve, or the Manager determines in accordance with the terms of the LLC Agreement that it is appropriate to wind up, liquidate and dissolve the Fund, such liquidation and dissolution could occur at a time that is disadvantageous to shareholders, such as when the Actual Exchange Rate of any of the digital assets of the Fund, including a digital asset with a significant Weighting, is lower than the applicable Digital Asset Reference Rate was at the time when shareholders purchased their Shares. In such a case, the proceeds of the sale of any of the Fund's digital assets will be less than they would have been had the Actual Exchange Rate for the applicable digital asset been higher at the time of sale. See "Description of the LLC Agreement—Dissolution of the Fund" for more information about the dissolution of the Fund, including when the dissolution of the Fund may be triggered by events outside the direct control of the Manager or the shareholders.

The LLC Agreement includes provisions that limit shareholders' voting rights and restrict shareholders' right to bring a derivative action.

Under the LLC Agreement, shareholders have limited voting rights, the Fund will not have regular shareholder meetings and shareholders will generally take no part in the management or control of the Fund. Accordingly, shareholders do not have the right to authorize actions, appoint service providers or take other actions as may be taken by shareholders of other companies where shares carry such rights. The shareholders' limited voting rights give almost all control under the LLC Agreement to the Manager. The Manager may take actions in the operation of the Fund that may be adverse to the interests of shareholders and may adversely affect the value of the Shares.

Moreover, pursuant to the terms of the LLC Agreement, shareholders' right to bring a derivative action (i.e., to initiate a lawsuit in the name of the Fund in order to assert a claim belonging to the Fund against a fiduciary of the Fund or against a third-party when the Fund's management has refused to do so) is restricted. The LLC Agreement provides that in addition to any other requirements of applicable law, no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more shareholders who (i) are not "Affiliates" (as defined in the LLC Agreement and below) of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. This provision applies to any derivative actions brought in the name of the Fund other than claims under the federal securities laws and the rules and regulations thereunder.

Due to this additional requirement, a shareholder attempting to bring or maintain a derivative action in the name of the Fund will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding. This may be difficult and may result in increased costs to a shareholder attempting to seek redress in the name of the Fund in court. Moreover, if shareholders bringing a derivative action, suit or proceeding pursuant to this provision of the Fund Agreement do not hold 10.0% of the outstanding Shares on the date such an action, suit or proceeding is brought, or such shareholders are unable to maintain Share ownership meeting the 10.0% threshold throughout the duration of the action, suit or proceeding, such shareholders' derivative action may be subject to dismissal. As a result, the LLC Agreement limits the likelihood that a shareholder will be able to successfully assert a derivative action in the name of the Fund, even if such shareholder believes that he or she has a valid derivative action, suit or other proceeding to bring on behalf of the Fund. See "Description of the Fund Documents—Description of the LLC Agreement—The Manager—The Fiduciary and Regulatory Duties of the Manager" for more detail.

The Manager is solely responsible for determining the value of the Digital Asset Holdings and Digital Asset Holdings per Share, and any errors, discontinuance or changes in such valuation calculations may have an adverse effect on the value of the Shares.

The Manager will determine the Fund's Digital Asset Holdings and Digital Asset Holdings per Share on a daily basis as soon as practicable after 4:00 p.m., New York time, on each business day. The Manager's determination is made utilizing data from the operations of the Fund and the Digital Asset Reference Rates, calculated at 4:00 p.m., New York time, on such day. To the extent that the Digital Asset Holdings or Digital Asset Holdings per Share are incorrectly calculated, the Manager may not be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares.

Extraordinary expenses resulting from unanticipated events may become payable by the Fund, adversely affecting the value of the Shares.

In consideration for the Manager's Fee, the Manager has contractually assumed all ordinary-course operational and periodic expenses of the Fund. Extraordinary expenses incurred by the Fund, such as taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets) or extraordinary legal fees and expenses, are not assumed by the Manager and are borne by the Fund. See "Activities of the Fund—Fund Expenses." In order to pay expenses not assumed by the Manager, the Manager will cause the Fund to either (i) sell its digital assets and/or Forked Assets or (ii) deliver its digital assets and/or Forked Assets in kind to pay such expenses not assumed by the Manager on an as-needed basis. Accordingly, the Fund may be required to sell or otherwise dispose of digital assets or Forked Assets at a time when the trading prices for those assets are depressed.

The sale or other disposition of assets of the Fund in order to pay extraordinary expenses could have a negative impact on the value of the Shares for several reasons. These include the following factors:

- The Fund is not actively managed on a day-to-day basis and no attempt will be made to protect against or to take advantage of fluctuations in the prices of the Fund Components or Forked Assets held by the Fund. Consequently, if the Fund incurs expenses in U.S. dollars, the Fund Components or Forked Assets may be sold at a time when the values of the disposed assets are low, resulting in a negative impact on the value of the Shares.
- Because the Fund does not generate any income, unless it uses cash, every time that it pays expenses, it will deliver the Fund Components or Forked Assets to the Manager or sell the Fund Components or Forked Assets. Any sales of the Fund's assets in connection with the payment of expenses will decrease the amount of the Fund's assets represented by each Share each time its assets are sold or transferred to the Manager.

The value of the Shares will be adversely affected if the Fund is required to indemnify the Manager, the Transfer Agent or the Custodian under the Fund Documents.

Under the Fund Documents, each of the Manager, the Transfer Agent and the Custodian has a right to be indemnified by the Fund for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. Therefore, the Manager, Transfer Agent or the Custodian may require that the assets of the Fund be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the Digital Asset Holdings of the Fund and the value of the Shares.

Intellectual property rights claims may adversely affect the Fund and the value of the Shares.

The Manager is not aware of any intellectual property rights claims that may prevent the Fund from operating and holding any digital assets. However, third parties may assert intellectual property rights claims

relating to the operation of the Fund and the mechanics instituted for the investment in, holding of and transfer of digital assets. Regardless of the merit of an intellectual property or other legal action, any legal expenses to defend, or payments to settle, such claims would be extraordinary expenses that would be borne by the Fund in most cases through the sale or transfer of its digital assets. Additionally, a meritorious intellectual property rights claim could prevent the Fund from operating and force the Manager to terminate the Fund and liquidate its digital assets. As a result, an intellectual property rights claim against the Fund could adversely affect the value of the Shares.

Risk Factors Related to the Regulation of the Fund and the Shares

Regulatory changes or actions may affect the value of the Shares or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Exchange Market in a manner that adversely affects the value of the Shares.

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, SEC, CFTC, FINRA, the Consumer Financial Protection Bureau, the Department of Justice, The Department of Homeland Security, the Federal Bureau of Investigation, the IRS and state financial institution regulators) have been examining the operations of Digital Asset Networks, digital asset users and the Digital Asset Markets, with particular focus on the extent to which digital assets can be used to launder the proceeds of illegal activities or fund criminal or terrorist enterprises and the safety and soundness of exchanges and other service providers that hold digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. Ongoing and future regulatory actions with respect to digital assets generally or a digital asset held by the Fund in particular may alter, perhaps to a materially adverse extent, the nature of an investment in the Shares or the ability of the Fund to continue to operate.

In July 2019, U.S. Treasury Secretary Steven Mnuchin stated that he had “very serious concerns” about digital assets. Secretary Mnuchin indicated that one source of concern is digital assets’ potential to be used to fund illicit activities. Secretary Mnuchin has indicated that the U.S. Financial Crimes Enforcement Network is planning to release new requirements relating to digital asset activities during 2020. As of the date of this Information Statement, no such requirements have been released.

Law enforcement agencies have often relied on the transparency of blockchains to facilitate investigations. However, certain privacy-enhancing features have been, or are expected to be, introduced to a number of Digital Asset Networks, and these features may provide law enforcement agencies with less visibility into transaction-level data. Europol, the European Union’s law enforcement agency, released a report in October 2017 noting the increased use of privacy-enhancing digital assets like Zcash and Monero in criminal activity on the internet. Although no regulatory action has been taken to treat privacy-enhancing digital assets differently, this may change in the future.

Many blockchain startups use Digital Asset Networks, such as the Ethereum network, to launch their initial coin offerings, also known as ICOs. In July 2017, the SEC determined that tokens issued by The DAO, for instance, are securities under the U.S. securities laws. The SEC reasoned that the unregistered sale of digital asset tokens can, in certain circumstances, including initial coin offerings, be considered illegal public offering of securities. In November 2018, the SEC determined that two other token issuances by companies called CarrierEQ, Inc., (d/b/a Airfox) and Paragon Coin, Inc. were unregistered securities offerings. And in September 2019, the SEC determined that the token issuance of EOS by a company called Block.one, was an unregistered securities offering and ordered Block.one to pay a \$24 million civil penalty. The SEC could make a similar determination with respect to digital tokens distributed in other initial coin offerings, including for any digital assets held by the Fund. If the SEC were to determine that Fund Components constituting more than 40% of the total assets of the Fund on an unconsolidated basis are securities, the Fund is likely to be found to be an illegal, unregistered investment company. In that case, the Fund and the Manager may be deemed to have participated in

an illegal offering of securities and there is no guarantee that the Manager will be able to register the Fund under the Investment Company Act at such time or take such other actions as may be necessary to ensure the Fund's activities comply with applicable law, which could force the Manager to liquidate the Fund. Moreover, if the SEC were to determine that any Fund Component is a security, it is likely to become difficult or impossible for any Fund Component to be traded, cleared and custodied in the United States because any secondary market trading any Fund Component would need to be conducted through SEC-registered exchanges, broker-dealers, transfer agents, clearing facilities and other intermediaries, which may not have the capabilities or the desire to develop a secondary market in any Fund Component or in digital assets more generally. As a result, if the SEC were to determine that any Fund Component is a security, it is likely that the value of any Fund Component would decline significantly and the Shares would lose a significant amount or all of their value.

Furthermore, a number of foreign jurisdictions have, like the SEC, also recently opined on the sale of digital asset tokens, including through initial coin offerings. For example, China and South Korea have banned initial coin offerings entirely (although proposed legislation in South Korea would remove the ban if passed) and other jurisdictions, including Canada, Singapore and Hong Kong, have opined that initial coin offerings may constitute securities offerings subject to local securities regulations. In October 2020, the United Kingdom's Financial Conduct Authority published final rules banning the sale of derivatives and exchange traded notes ("ETNs") that reference certain types of digital assets, contending that they are "ill-suited" to retail investors citing extreme volatility, valuation challenges and association with financial crime. In addition to ETNs, the ban affects financial products including contracts for difference, options and futures.

A determination that the digital asset held by the Fund is a security under U.S. or foreign law would adversely affect the value of the Shares.

Additionally, concerns have been raised about the electricity required to secure and maintain Digital Asset Networks. As of December 31, 2020, in connection with mining on the Bitcoin network, for example, over 138 million tera hashes are performed every second on the Bitcoin network. Although measuring the electricity consumed by this process is difficult because these operations are performed by various machines with varying levels of efficiency, the process consumes a significant amount of energy. The operations of other Digital Asset Networks also consume significant amounts of energy. Further, in addition to the direct energy costs of performing calculations on any given Digital Asset Network, there are indirect costs that impact a network's total energy consumption, including the costs of cooling the machines that perform these calculations. In 2018, due to these concerns around energy consumption, particularly as such concerns relate to public utilities companies, various states and cities have implemented, or are considering implementing, moratoriums on mining activity in their jurisdictions. A significant reduction in mining activity as a result of such actions could adversely affect the security of a Digital Asset Network by making it easier for a malicious actor or botnet to manipulate the relevant blockchain. See "—If a malicious actor or botnet obtains control of more than 50% of the processing power on a Digital Asset Network, or otherwise obtains control over a Digital Asset Network through its influence over core developers or otherwise, such actor or botnet could manipulate the relevant blockchain to adversely affect the value of the Shares or the ability of the Fund to operate."

If regulatory changes or interpretations of an Authorized Participant's, the Fund's or the Manager's activities require the regulation of an Authorized Participant, the Fund or the Manager as a money service business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or as a money transmitter or digital asset business under state regimes for the licensing of such businesses, an Authorized Participant, the Fund or the Manager may be required to register and comply with such regulations, which could result in extraordinary, recurring and/or nonrecurring expenses to the Authorized Participant, the Fund or Manager or increased commissions for the Authorized Participant's clients, thereby reducing the liquidity of the Shares.

To the extent that the activities of any Authorized Participant, the Fund or the Manager cause it to be deemed a "money services business" under the regulations promulgated by FinCEN under the authority of the

U.S. Bank Secrecy Act, such Authorized Participant, the Fund or the Manager may be required to comply with FinCEN regulations, including those that would mandate such Authorized Participant to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records. Similarly, the activities of an Authorized Participant, the Fund or the Manager may require it to be licensed as a money transmitter or as a digital asset business, such as under The New York State Department of Financial Services' BitLicense regulations.

Such additional regulatory obligations may cause an Authorized Participant, the Fund or the Manager to incur extraordinary expenses. If such Authorized Participant, the Fund or the Manager decide to seek the required licenses, there is no guarantee that they will timely receive them. Such Authorized Participant may also instead decide to terminate its role as Authorized Participant of the Fund, or the Manager may decide to terminate the Fund. Termination by the Authorized Participant may decrease the liquidity of the Shares, which may adversely affect the value of the Shares, and the termination of the Fund in response to the changed regulatory circumstances may be at a time that is disadvantageous to the shareholders.

Additionally, to the extent an Authorized Participant, the Fund or the Manager is found to have operated without appropriate state or federal licenses, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which would harm the reputation of the Fund or the Manager and decrease the liquidity and have a material adverse effect on the price of, the Shares.

Regulatory changes or interpretations could cause the Fund and the Manager to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Fund.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which digital assets are treated for classification and clearing purposes. In particular, a digital asset may be classified by the CFTC as a "commodity interest" under the CEA or may be classified by the SEC as a "security" under U.S. federal securities laws. As of the date of this Information Statement, the Manager is not aware of any rules that have been proposed to regulate any digital assets as a commodity interest or a security. Although several U.S. federal district courts have recently held for certain purposes that other digital assets, such as Bitcoin, are currency or a form of money, these rulings are not definitive. In 2019 and the first quarter of 2020, the SEC and U.S. Congress focused their attention and brought increased scrutiny to these issues. The Manager and the Fund cannot be certain as to how future regulatory developments will impact the treatment of one or more digital assets under the law. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Fund. If the Manager decides to terminate the Fund in response to the changed regulatory circumstances, the Fund may be dissolved or liquidated at a time that is disadvantageous to shareholders.

To the extent that any digital assets are deemed to fall within the definition of a "commodity interest" under the CEA, the Fund and the Manager may be subject to additional regulation under the CEA and CFTC regulations. The Manager may be required to register as a commodity pool operator or commodity trading advisor with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Fund, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Fund, thereby materially and adversely impacting the Shares. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

To the extent that any digital assets held by the Fund are deemed to fall within the definition of a security under U.S. federal securities laws, the Fund and the Manager may be subject to additional requirements under the Investment Company Act and the Manager may be required to register as an investment adviser under the Investment Advisers Act. Such additional registration may result in extraordinary, recurring and/or non-recurring expenses of the Fund, thereby materially and adversely impacting the Shares. If the Manager determines not to

comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

The Fund may be a “passive foreign investment company” for U.S. federal income tax purposes.

Although there is no certainty in this regard, the Fund may be a “passive foreign investment company” (a “PFIC”) for U.S. federal income tax purposes. An investment in an equity interest in a PFIC may have materially adverse U.S. federal income tax consequences for a U.S. person, as defined for U.S. federal income tax purposes, that is not a tax-exempt organization (a “U.S. Investor”). Very generally, if the Fund is a PFIC and a U.S. Investor does not make a “qualified electing fund” election (a “QEF Election”) with respect to the Fund, any gain recognized by the U.S. Investor in respect of its Shares will be subject to U.S. federal income tax at the rates applicable to ordinary income (using the highest rates in effect throughout the U.S. Investor's holding period for its Shares, with the gain being treated as earned ratably over such holding period) and the U.S. Investor's resulting tax liability will be subject to an interest charge.

Assuming that the Fund is a PFIC, a U.S. Investor can mitigate these consequences by making a QEF Election with respect to the Fund. In that case, the U.S. Investor will be required to include in income each year its share of the Fund's ordinary earnings (as ordinary income) and net capital gain (as long-term capital gain), regardless of whether the Fund makes any distributions. The Fund intends to provide PFIC Annual Information Statements to U.S. Investors to allow them to make QEF Elections with respect to the Fund. Each U.S. Investor should consult its tax advisor as to whether it should make a QEF Election.

If the Fund is a PFIC and a U.S. Investor does not make a QEF Election with respect to the Fund for the first taxable year in which the U.S. Investor holds Shares, the U.S. Investor will generally not be able to mitigate the consequences of the PFIC regime by making a later QEF Election with respect to the Fund unless the U.S. Investor elects to recognize gain, if any, as if it sold its Shares on the first day of the first taxable year to which the QEF Election applies. Any gain that a U.S. Investor recognizes as a consequence of such an election will be subject to U.S. federal income tax under the rules applicable to an investment in a PFIC for which the shareholder has not made a QEF Election.

Under certain circumstances, it is possible that the Fund would be treated as a “controlled foreign corporation” for U.S. federal income tax purposes (a “CFC”). If the Fund were treated as a CFC, the PFIC rules would generally not apply to any U.S. Investor that owned, directly or under applicable constructive ownership rules, at least 10% of the voting power or value of the Shares (a “10% U.S. Shareholder”). Instead, a 10% U.S. Shareholder generally would be required to take into account, as ordinary income, its share of all of the Fund's income each year, regardless of whether the Fund made any distributions. In addition, all or a portion of the gain recognized by a 10% U.S. Shareholder upon the sale or exchange of an interest in the Fund could conceivably be recharacterized as ordinary income.

The treatment of digital currency for U.S. federal income tax purposes is uncertain.

Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance with respect to digital currencies, many significant aspects of the U.S. federal income tax treatment of digital currencies are uncertain.

In 2014, the Internal Revenue Service (“IRS”) released a notice (the “Notice”) discussing certain aspects of the treatment of “convertible virtual currency” (that is, digital currency that has an equivalent value in fiat currency or that acts as a substitute for fiat currency) for U.S. federal income tax purposes and, in particular, stating that such digital currency (i) is “property,” (ii) is not “currency” for purposes of the rules relating to foreign currency gain or loss and (iii) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of “Frequently Asked Questions” (the “Ruling & FAQs”) that provide some additional guidance,

including guidance to the effect that, under certain circumstances, hard forks of digital currencies are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital currency. However, the Notice and the Ruling & FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital currencies. Moreover, although the Ruling & FAQs address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions.

There can be no assurance that the IRS will not alter its position with respect to digital currencies in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs. It is also unclear what additional guidance on the treatment of digital currencies for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for shareholders and could have an adverse effect on the value of digital currencies held in the Fund. Future developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes. For example, the Notice addresses only digital currency that is “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Fund will hold certain types of digital currency that are not within the scope of the Notice.

Prospective investors are urged to consult their tax advisors regarding the tax consequences of an investment in the Fund and in digital currencies in general.

Future developments regarding the treatment of digital currency for U.S. federal income tax purposes could adversely affect the value of the Shares.

As discussed above, many significant aspects of the U.S. federal income tax treatment of digital currency, such as digital currency held in the Fund, are uncertain, and it is unclear what guidance on the treatment of digital currency for U.S. federal income tax purposes may be issued in the future. It is possible that any such guidance would have an adverse effect on the prices of digital currency, including on the price in the Digital Asset Markets of digital currencies held in the Fund, and therefore may have an adverse effect on the value of the Shares of the Fund.

Because of the evolving nature of digital currencies, it is not possible to predict potential future developments that may arise with respect to digital currencies, including forks, airdrops and similar occurrences. Such developments may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes.

Future developments in the treatment of digital currency for tax purposes other than U.S. federal income tax purposes could adversely affect the value of the Shares.

The taxing authorities of certain states, including New York, (i) have announced that they will follow the Notice with respect to the treatment of digital currencies for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital currencies for fiat currency from state sales tax. However, it is unclear what further guidance on the treatment of digital currencies for state tax purposes may be issued in the future.

The treatment of digital currencies for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital currencies for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital currencies for fiat currency. If a foreign jurisdiction with a significant share of the market of digital currency users imposes onerous tax burdens on digital currency users, or imposes sales or value-added tax on purchases and sales of digital currency for fiat currency, such actions could result in decreased demand for digital currencies held by the Fund in such jurisdiction.

Any future guidance on the treatment of digital currencies for state, local or non-U.S. tax purposes could increase the expenses of the Fund and could have an adverse effect on the prices of digital currencies, including on the price of digital currencies in the Digital Asset Markets. As a result, any such future guidance could have an adverse effect on the value of the Shares.

The Fund may be subject to U.S. federal withholding tax on income derived from forks, airdrops and similar occurrences.

The Ruling & FAQs do not address whether income recognized by a non-U.S. person, such as the Fund, as a result of a fork, airdrop or similar occurrence could be subject to the 30% withholding tax imposed on U.S.-source “fixed or determinable annual or periodical” income. In the absence of guidance, it is possible that a withholding agent will withhold 30% from any assets derived by the Fund as a consequence of a fork, airdrop or similar occurrence.

Risk Factors Related to the Cayman Islands

The Fund is a Cayman Islands limited liability company. The rights of the Fund’s shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

The Fund is a Cayman Islands limited liability company. Its corporate affairs are governed by the LLC Agreement and by the laws of the Cayman Islands. The rights of shareholders and the responsibilities of the Manager may be different from the rights of members or shareholders and responsibilities of management in companies (included limited liability companies) governed by the laws of U.S. jurisdictions. In the performance of its duties, the manager of a solvent Cayman Islands limited liability company is required to consider the company’s interests, and the interests of its members as a whole, which may differ from the interests of one or more of its individual members. See “Description of the LLC Agreement.”

Mail sent to the Fund at its registered office may be delayed in reaching the Manager.

Mail addressed to the Fund and received at its registered office shall be forwarded unopened to the forwarding address supplied by the Manager. None of the Fund, the Manager or any of its investors, managers, officers, advisors or service providers (including the organization that provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. Moreover, the investors or managers (as applicable) will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed to the Fund).

The Fund may be required to disclose information, including information relating to investors, to regulators.

The Fund, the Manager or any of its shareholders, managers or agents (as applicable) domiciled in the Cayman Islands may be compelled to provide information, including, but not limited to, information relating to investors, and where applicable the investor’s beneficial owners and controllers, subject to a request for information made by a regulatory or governmental authority or agency under applicable law, such as by the Cayman Islands Monetary Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (2020 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2017 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, the Manager or any of its shareholders, managers or agents (as applicable), may be prohibited from disclosing that the request has been made.

The Fund is a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, the Fund's shareholders may have less protection for their shareholder rights than they would under U.S. law.

The Fund is a Cayman Islands limited liability company. The Fund's corporate affairs are governed by the LLC Agreement and the Fund is governed by the LLC Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against the Fund, actions by minority shareholders and the responsibilities of the Manager under Cayman Islands law are to a large extent governed by the LLC Law and, otherwise, the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of shareholders and the responsibilities of the Manager under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States, such as the State of Delaware where many United States-based limited liability companies are organized. Members of a Cayman Islands limited liability company may not have standing to initiate a shareholder derivative action in U.S. federal courts.

Under the Cayman Islands Data Protection Law, the Fund shall act as a data controller in respect of personal data and its affiliates and/or delegates, such as the Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

The Cayman Islands Government enacted the Data Protection Law, 2017 (the "DPL") on 18 May 2017. The DPL introduces legal requirements for the Fund based on internationally accepted principles of data privacy.

The Fund has prepared a document outlining the Fund's data protection obligations and the data protection rights of investors (and individuals connected with investors) under the DPL (the "Fund Privacy Notice"). The Fund Privacy Notice is contained within the subscription agreement.

Prospective investors should note that, by virtue of making investments in the Fund and the associated interactions with the Fund and its affiliates and/or delegates (including completing the subscription agreement, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Fund with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Fund and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPL. The Fund shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Fund. The subscription agreement contains relevant representations and warranties.

Oversight of the DPL is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPL by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Risk Factors Related to Potential Conflicts of Interest

Potential conflicts of interest may arise among the Manager or its affiliates and the Fund. The Manager and its affiliates have no fiduciary duties to the Fund and its shareholders other than as provided in the LLC Agreement, which may permit them to favor their own interests to the detriment of the Fund and the shareholders.

The Manager will manage the affairs of the Fund. Conflicts of interest may arise among the Manager and its affiliates, including the Reference Rate Provider and the Authorized Participants on the one hand, and the Fund

and its shareholders, on the other hand. As a result of these conflicts, the Manager may favor its own interests and the interests of its affiliates over the Fund and its shareholders. These potential conflicts include, among others, the following:

- The Manager has duties (including fiduciary duties), and is allowed to take into account the interests of parties other than, the Fund and its shareholders in resolving conflicts of interest as the Manager deems appropriate or necessary;
- The Fund has agreed to indemnify the Manager and its affiliates pursuant to the LLC Agreement;
- The Manager is responsible for allocating its own limited resources among different clients and potential future business ventures, to each of which it owes fiduciary duties;
- The Manager's staff also services affiliates of the Manager, including other digital asset investment vehicles, and their respective clients and cannot devote all of its, or their, respective time or resources to the management of the affairs of the Fund;
- The Manager, its affiliates and their officers and employees are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with the Fund;
- Affiliates of the Manager have substantial direct investments in digital assets that they are permitted to manage taking into account their own interests without regard to the interests of the Fund or its shareholders, and any increases, decreases or other changes in such investments could affect any of the Digital Asset Reference Rates and, in turn, the price of the Shares;
- There is an absence of arm's-length negotiation with respect to certain terms of the Fund, and, where applicable, there has been no independent due diligence conducted with respect to the Fund;
- Several employees of the Manager and the Manager's parent company, Digital Currency Group, Inc., are FINRA-registered representatives who maintain their licenses through Genesis;
- Digital Currency Group, Inc. is (i) the sole member and parent company of the Manager and Genesis, the only acting Authorized Participant as of the date of this Information Statement, (ii) the indirect parent company of the Reference Rate Provider, (iii) a minority interest holder in Coinbase, which operates Coinbase Pro, one of the Digital Asset Exchanges included in the Digital Asset Reference Rate for certain of the digital assets held by the Fund, and which is also the parent company of the Custodian, representing less than 1.0% of its equity and (iv) a minority interest holder in Kraken, one of the Digital Asset Exchanges included in the Digital Asset Reference Rate for certain of the digital assets held by the Fund, representing less than 1.0% of its equity;
- Digital Currency Group, Inc. has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including digital assets that may be held by the Fund, companies that act as stewards of digital assets that may be held by the Fund, such as Ripple, and exchanges and custodians. Digital Currency Group, Inc.'s positions on changes that should be adopted in various Digital Asset Networks could be adverse to positions that would benefit the Fund or its shareholders. Additionally, before or after a hard fork on the network of a digital asset held by the Fund, Digital Currency Group, Inc.'s position regarding which fork among a group of incompatible forks of such network should be considered the "true" network could be adverse to positions that would most benefit the Fund;
- Digital Currency Group, Inc. has been vocal in the past about its support for digital assets other than those held by the Fund. Any investments in, or public positions taken on, digital assets other than those held by the Fund by Digital Currency Group, Inc. could have an adverse impact on the price of the digital assets held by the Fund;
- The Manager decides whether to retain separate counsel, accountants or others to perform services for the Fund;

- The Manager and Genesis, which acts as Authorized Participant, distributor and marketer for the Shares, are affiliated parties that share a common parent company, Digital Currency Group, Inc.;
- While the Reference Rate Provider does not currently utilize data from over-the-counter markets or derivatives platforms in its calculation of any of the Digital Asset Reference Rates, it may decide to include pricing from such markets or platforms in the future, which could include Genesis;
- The Manager may appoint an agent to act on behalf of the shareholders, including in connection with the distribution of any Forked Assets, which agent may be the Manager or an affiliate of the Manager; and
- The Manager or an affiliate of the Manager may enter into contracts with the Fund, which are not required to be negotiated at arm's length.

By purchasing the Shares, shareholders agree and consent to the provisions set forth in the LLC Agreement. See "Description of the LLC Agreement."

For a further discussion of the conflicts of interest, see "Conflicts of Interest."

The Reference Rate Provider, which calculates the Reference Rate, is an affiliate of the Manager and the Fund.

On December 31, 2020, CoinDesk, Inc., an affiliate of the Manager and a wholly owned subsidiary of Digital Currency Group, Inc., acquired TradeBlock, Inc., the Reference Rate Provider. As a result of this acquisition, the Reference Rate Provider has become a wholly owned subsidiary of CoinDesk, Inc., which is a wholly owned subsidiary of Digital Currency Group, Inc. The Reference Rate Provider publishes the Digital Asset Reference Rate for each Fund Component, which are used by the Manager to calculate the Digital Asset Holdings of the Fund. The Manager's Fee accrues daily in U.S. dollars at an annual rate based on the Digital Asset Holdings Fee Basis Amount, which is based on the Digital Asset Holdings of the Fund, and is paid in tokens of the Fund Components. The number of tokens of the Fund Components that accrues each day as the Manager's Fee is determined by reference to the Digital Asset Reference Rate for each Fund Component published by the Reference Rate Provider.

The Reference Rate Provider selects the exchanges that are included in the Digital Asset Reference Rate for each Fund Component and also developed the methodology and algorithm that provide such Digital Asset Reference Rate based on the exchanges included in such Digital Asset Reference Rate. The Reference Rate Provider formally re-evaluates the weighting algorithm used by each Digital Asset Reference Rate quarterly and may decide to change the way in which such Digital Asset Reference Rate is calculated based on this periodic review or in other extreme circumstances.

Under the rules governing the calculation of the Digital Asset Reference Rate for each Fund Component, if the Manager determines in good faith that a Digital Asset Reference Rate does not reflect an accurate price for such Fund Component, then the Manager will employ an alternative method to determine such Digital Asset Reference Rate. Because such a determination could reflect negatively upon the Reference Rate Provider, lead to a decrease in the Reference Rate Providers revenue or otherwise adversely affect the Reference Rate Provider, and because of their affiliation, the Reference Rate Provider may be incentivized to resolve any questions regarding, or changes to, the manner in which a Digital Asset Reference Rate for a Fund Component is constructed and in which such Digital Asset Reference Rate is calculated in a way that favors the Manager.

In addition, although the Digital Asset Reference Rate for each Fund Component does not currently include data from over-the-counter markets or derivatives platforms, the Reference Rate Provider may decide to include pricing from such markets or platforms in the future, which could include data from Genesis. Any impact on the accuracy or perceived accuracy of a Digital Asset Reference Rate for a Fund Component could have a negative impact on the value of the Shares.

Shareholders cannot be assured of the Manager's continued services, the discontinuance of which may be detrimental to the Fund.

Shareholders cannot be assured that the Manager will be willing or able to continue to serve as manager to the Fund for any length of time. If the Manager discontinues its activities on behalf of the Fund and a substitute manager is not appointed, the Fund will terminate and liquidate the Fund's digital assets.

Appointment of a substitute manager will not guarantee the Fund's continued operation, successful or otherwise. Because a substitute manager may have no experience managing a digital asset financial vehicle, a substitute manager may not have the experience, knowledge or expertise required to ensure that the Fund will operate successfully or continue to operate at all. Therefore, the appointment of a substitute manager may not necessarily be beneficial to the Fund or the value of the Shares and the Fund may terminate. See "Conflicts of Interest—The Manager."

Although the Custodian is a fiduciary with respect to the Fund's assets, it could resign or be removed by the Manager, which would trigger early termination of the Fund.

The Custodian is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940, as amended, and is licensed to custody the Fund's digital assets in trust on the Fund's behalf. However, during the initial term, the Custodian may terminate the Custodian Agreement for Cause (as defined in "Description of the Custodian Agreement – Termination") at any time, and after the initial term, the Custodian can terminate the Agreement for any reason upon the notice period provided under the Custodian Agreement. If the Custodian resigns or is removed without replacement, the Fund will dissolve in accordance with the terms of the LLC Agreement.

Shareholders may be adversely affected by the lack of independent advisors representing investors in the Fund.

The Manager has consulted with counsel, accountants and other advisors regarding the formation and operation of the Fund. No counsel was appointed to represent investors in connection with the formation of the Fund or the establishment of the terms of the LLC Agreement and the Shares. Moreover, no counsel has been appointed to represent an investor in connection with the offering of the Shares. Accordingly, an investor should consult his, her, or its own legal, tax and financial advisors regarding the desirability of the value of the Shares. Lack of such consultation may lead to an undesirable investment decision with respect to investment in the Shares.

An affiliate of the Manager is a leading online news publication and data provider in the digital asset industry whose publications could influence trading prices and demand for digital assets held by the Fund.

Both the Manager and CoinDesk are subsidiaries of Digital Currency Group, Inc. CoinDesk is a leading news publication and data provider, which plays a large role in aggregating, creating and disseminating news and other editorial content across the global digital asset industry. Although CoinDesk's policy is to shield its editorial operations from Digital Currency Group, Inc.'s control, it is possible that CoinDesk's news coverage could influence trading prices and demand for digital assets, including those held by the Fund, and it is also possible that consumers of CoinDesk content may not appreciate that CoinDesk's owner has substantial financial interests in digital assets, despite information to that effect on CoinDesk's website. As a result, some consumers of CoinDesk's content may place greater weight on such content than they would if they were aware of Digital Currency Group Inc.'s ownership stake, and this could cause the trading prices of digital assets to be higher than they would be otherwise.

OVERVIEW OF THE DIGITAL ASSET INDUSTRY AND MARKET

Overview of the Digital Asset Industry and Introduction to the Digital Asset Market

Digital assets are created and transmitted through the operations of peer-to-peer Digital Asset Networks, which are decentralized networks of computers that operate on cryptographic protocols. No single entity owns or operates any Digital Asset Network, the infrastructure of which is collectively maintained by a decentralized user base. Digital asset networks allow people to exchange tokens of value, for example, Bitcoin, Ether, Bitcoin Cash and Litecoin, which are recorded on public transaction ledgers known as a blockchain. Digital assets can be used to pay for goods and services on their Digital Asset Networks, or they can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Exchanges or in individual end-user-to-end-user transactions under a barter system. Digital asset networks can also be used for more complex purposes. For example, the Ethereum network allow users to run smart contracts, which are general purpose code that autonomously executes on every computer on the relevant network and can instruct the transmission of information and value to facilitate, verify and enforce the negotiation and performance of contracts.

Digital asset networks are decentralized and do not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of their tokens. Rather, such digital assets are created and allocated by the Digital Asset Network's protocol, for example through a "mining" "staking" or other validating process. Most commonly, new digital assets are created and rewarded to the miners, stakers or validators of a block in the digital asset's blockchain for verifying transactions. In other instances, all of the Digital Asset Network's tokens are created upon the Digital Asset Network's launch and may be used to pay transaction fees to validators. See "Market Participants—Miners and Validators" for more detail. A digital asset's blockchain is effectively a decentralized database that includes all blocks that have been mined by miners, stakers or validators and it is updated to include new blocks as they are mined. Each digital asset transaction is broadcast to the Digital Asset Network and, when included in a block, recorded in the digital asset blockchain. As each new block records outstanding digital asset transactions, and outstanding transactions are settled and validated through such recording, the digital asset blockchain represents a complete, transparent and unbroken history of all transactions of the Digital Asset Network.

The value of a digital asset is determined by the supply of and demand for such digital asset on Digital Asset Exchanges or in private end-user-to-end-user transactions. Digital assets can be used to pay for goods and services or can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Exchanges or in individual end-user-to-end-user transactions under a barter system. Additionally, digital assets can be used to pay for transaction fees to miners, stakers or validators for verifying transactions on the Digital Asset Network.

Composition of the Digital Asset Market

As of December 31, 2020, there were over 8,000 digital assets tracked by CoinMarketCap.com, having a total market-capitalization of approximately \$766.2 billion, as calculated using market prices and total available supply of each digital asset.

The first digital asset possessing the properties described above (e.g., decentralization) to gain mass adoption was Bitcoin. Bitcoin is currently the largest digital asset with a market capitalization of \$538.3 billion and is widely considered the most prominent digital asset.

While Bitcoin possesses the "first-to-market" advantage and has captured the significant portion of the industry's market share, Bitcoin is not the only type of digital asset founded on cryptography; Ether, Bitcoin Cash and Litecoin are just a few examples of Bitcoin alternatives. These and other digital assets may offer certain variations or enhancements of blockchain technology that enable them to serve purposes beyond acting as a means of payment.

For example, Zcash, Monero, Dash and Zen are examples of digital assets whose primary differentiating attributes revolve around enhanced levels of confidentiality and privacy as compared to Bitcoin. On the other hand, Ether and Ether Classic's distinguishing characteristic is that they allow users to program smart contracts that can run on their networks. A smart contract is general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. The use of smart contracts on the Ethereum and Ethereum Classic networks, for example, is one of a number of projects intended to expand the application of blockchain technology beyond just a peer-to-peer money system.

The top five digital assets by market capitalization that met the Fund Construction Criteria as of December 31, 2020 are detailed below:

Asset	Symbol	Market Cap (billions)	Circulating Supply (millions)	Maximum Supply (millions)
Bitcoin	BTC	\$ 538.3	18.6	21
Ether	ETH	\$ 84.4	114.1	N/A
XRP	XRP	\$ 10.0	45,404.0	100,000
Bitcoin Cash	BCH	\$ 6.4	18.6	21
Litecoin	LTC	\$ 8.2	66.2	84

According to CoinMarketCap.com's calculations, as of December 31, 2020, Bitcoin, Ether, XRP, Bitcoin Cash and Litecoin represented approximately 70%, 11%, 1%, 1% and 1% of the total market cap of all digital assets, respectively.

In 2020 the SEC filed a complaint against the promoters of XRP alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. In the years prior to the SEC's action, XRP's market capitalization at times reached over \$140 billion. However, in the weeks following the SEC's complaint, XRP's market capitalization fell to less than \$10 billion, which was less than half of its market capitalization in the days prior to the complaint. In addition, major digital asset trading platforms announced that they would delist XRP from their platforms. On December 30, 2020, the Authorized Participant of the Fund, announced that effective January 15, 2021, at 5:00 p.m. ET, it would temporarily suspend trading for XRP. As a result, during the Fund's quarterly review, and effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings.

Bitcoin

Bitcoin ("Bitcoin" or "BTC") is a digital asset that is created and transmitted through the operations of the peer-to-peer Bitcoin network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Bitcoin network, the infrastructure of which is collectively maintained by a decentralized user base. The Bitcoin network allows people to exchange tokens of value, called Bitcoin, which are recorded on a public transaction ledger known as a blockchain. Bitcoin can be used to pay for goods and services, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Exchanges that trade Bitcoin or in individual end-user-to-end-user transactions under a barter system.

The Bitcoin network was initially contemplated in a white paper that also described Bitcoin and the operating software to govern the Bitcoin network. The white paper was purportedly authored by Satoshi Nakamoto. However, no individual with that name has been reliably identified as Bitcoin's creator, and the general consensus is that the name is a pseudonym for the actual inventor or inventors. The first Bitcoins were created in 2009 after Nakamoto released the Bitcoin network source code (the software and protocol that created and launched the Bitcoin network). The Bitcoin network has been under active development since that time by a group of engineers known as core developers. The core developers are able to access, and can alter, the Bitcoin

network source code and, as a result, they are responsible for quasi-official releases of updates and other changes to the Bitcoin network's source code. The release of updates to the Bitcoin network's source code does not guarantee that the updates will be automatically adopted. Users and miners must accept any changes made to the Bitcoin source code by downloading the proposed modification of the Bitcoin network's source code. A modification of the Bitcoin network's source code is effective only with respect to the Bitcoin users and miners that download it. If a modification is accepted by only a percentage of users and miners, a division in the Bitcoin network will occur such that one network will run the pre-modification source code and the other network will run the modified source code. Such a division is known as a "fork."

Core development of the Bitcoin network source code has increasingly focused on modifications of the Bitcoin network protocol to increase speed and scalability and also allow for non-financial, next generation uses. For example, following the recent activation of Segregated Witness on the Bitcoin network, an alpha version of the Lightning Network was released. The Lightning Network is an open-source decentralized network that enables instant off-blockchain transfers of the ownership of Bitcoin without the need of a trusted third party. The system utilizes bidirectional payment channels that consist of multi-signature addresses. One on-blockchain transaction is needed to open a channel and another on-blockchain transaction can close the channel. Once a channel is open, value can be transferred instantly between counterparties who are engaging in real Bitcoin transactions without broadcasting them to the Bitcoin network. New transactions will replace previous transactions and the counterparties will store everything locally as long as the channel stays open to increase transaction throughput and reduce computational burden on the Bitcoin network. Other efforts include increased use of smart contracts and distributed registers built into, built atop or pegged alongside the Bitcoin blockchain. For example, the white paper for Blockstream, an organization that includes core developer Pieter Wuille, calls for the use of "pegged sidechains" to develop programming environments that are built within Bitcoin blockchain ledgers that can interact with and rely on the security of the Bitcoin network and the Bitcoin blockchain, while remaining independent from them. Open-source projects such as RSK are a manifestation of this concept and seek to create the first open-source, smart contract platform built on the Bitcoin blockchain to enable automated, condition-based payments with increased speed and scalability. The Fund's activities will not directly relate to such projects, though such projects may utilize Bitcoin as tokens for the facilitation of their non-financial uses, thereby potentially increasing demand for Bitcoin and the utility of the Bitcoin network as a whole. Conversely, projects that operate and are built within the Blockchain may increase the data flow on the Bitcoin network and could either "bloat" the size of the Bitcoin blockchain or slow confirmation times. At this time, such projects remain in early stages and have not been materially integrated into the Bitcoin blockchain or the Bitcoin network.

The supply of new Bitcoin is mathematically controlled so that the number of Bitcoin grows at a limited rate pursuant to a pre-set schedule. The number of Bitcoin awarded for solving a new block is automatically halved after every 210,000 blocks are added to the Bitcoin blockchain. Currently, the fixed reward for solving a new block is 6.25 Bitcoin per block and this is expected to decrease by half to become 3.125 Bitcoin after the next 210,000 blocks have entered the Bitcoin network, which is expected to be May 2024. This deliberately controlled rate of Bitcoin creation means that the number of Bitcoin in existence will increase at a controlled rate until the number of Bitcoin in existence reaches the pre-determined 21 million Bitcoin. Estimates of when the 21 million Bitcoin limitation will be reached is estimated to be the year 2140.

Ethereum

Ether ("Ether" or "ETH") is a digital asset that is created and transmitted through the operations of the peer-to-peer Ethereum network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Ethereum network, the infrastructure of which is collectively maintained by a decentralized user base. The Ethereum network allows people to exchange tokens of value, called Ether, which are recorded on a public transaction ledger known as a blockchain. ETH can be used to pay for goods and services, including computational power on the Ethereum network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Exchanges or in individual end-user-to-end-user

transactions under a barter system. Furthermore, the Ethereum network also allows users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than ETH on the Ethereum network. Smart contract operations are executed on the Ethereum blockchain in exchange for payment of ETH. The Ethereum network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

The Ethereum network was originally described in a 2013 white paper by Vitalik Buterin, a programmer involved with Bitcoin, with the goal of creating a global platform for decentralized applications powered by smart contracts. The formal development of the Ethereum network began through a Swiss firm called Ethereum Switzerland GmbH in conjunction with several other entities. Subsequently, the Ethereum Foundation, a Swiss non-profit organization, was set up to oversee the protocol’s development. The Ethereum network went live on July 30, 2015.

Smart Contracts and Development on the Ethereum Network

Smart contracts are programs that run on a blockchain that can execute automatically when certain conditions are met. Smart contracts facilitate the exchange of anything representative of value, such as money, information, property, or voting rights. Using smart contracts, users can send or receive digital assets, create markets, store registries of debts or promises, represent ownership of property or a company, move funds in accordance with conditional instructions and create new digital assets.

Development on the Ethereum network involves building more complex tools on top of smart contracts, such as decentralized apps (DApps) and organizations that are autonomous, known as decentralized autonomous organizations (DAOs). For example, a company that distributes charitable donations on behalf of users could hold donated funds in smart contracts that are paid to charities only if the charity satisfies certain pre-defined conditions.

Moreover, the Ethereum network has also been used as a platform for creating new digital assets and conducting their associated initial coin offerings. As of December 31, 2020, a majority of digital assets were built on the Ethereum network, with such assets representing a significant amount of the total market value of all digital assets.

The Ethereum network operates on a proof-of-work model and the supply of new ETH is mathematically controlled so that the number of ETH grows at a limited rate pursuant to a pre-set schedule. ETH issuances are currently capped at 16 million ETH per year or 2 ETH per block, but there is no aggregate cap on the total number of ETH outstanding. In 2021 or 2022, the Ethereum network may switch from proof-of-work to a new proof-of-stake consensus algorithm under development, called Casper. The attributes of the new consensus algorithm are subject to change, but the new algorithm may implement a maximum cap on total ETH issuance.

More recently, the Ethereum network has been used for decentralized finance (DeFi) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives and insurance, by removing third-party intermediaries. DeFi can allow users to lend and earn interest on their digital assets, exchange one digital asset for another and create derivative digital assets such as stablecoins, which are digital assets pegged to a reserve asset such as fiat currency. As of December 31, 2020 approximately 2.7 million ETH were locked up as collateral on DeFi platforms.

XRP

XRP is a digital asset that was created by Chris Larsen, Jed McCaleb, Arthur Britto and David Schwartz (the “XRP Creators”) in August of 2012, notably before Ripple, the company, was formed. Built out of the

frustrations of Bitcoin’s utility for payments, the XRP ledger (the ledger to which XRP is native) is designed to be a global real-time payment and settlement system. The XRP Creators developed this unique digital asset to solve the scalability concerns that they believed were inherent in the structure of Bitcoin. In particular, XRP was created to improve the efficiency of payments. To this end, the open source code (available at <https://github.com/ripple/rippled/>) was designed to maximize speed, scalability, and stability. For example, the XRP ledger can accommodate 1,500 transactions per second. This is, in part, because XRP is not mined like Bitcoin, but is designed for the ledgers to close in seconds based on a system of consensus. Further, because of the consensus methodology underlying the XRP design, network transaction fees are substantially lower than Bitcoin, typically less than \$0.01.

Given the unique qualities of XRP and the natural suitability of this digital asset to solve the friction experience with payments, the XRP Creators later started a company, calling it Ripple, to further develop the ecosystem around XRP and build software solutions to address the friction in sending, processing, and sourcing liquidity for global payments. Thus, the company, Ripple, began as, and continues to be, a payments software company. Today, Ripple is focused on designing and deploying state-of-the-art and industry-leading software to enable banks and financial institutions to more easily effect cross-border payments. For maximum efficiency, Ripple’s software can integrate XRP to solve liquidity and value transfer challenges

In 2020 the SEC filed a complaint against the promoters of XRP alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. In the years prior to the SEC’s action, XRP’s market capitalization at times reached over \$140 billion. However, in the weeks following the SEC’s complaint, XRP’s market capitalization fell to less than \$10 billion, which was less than half of its market capitalization in the days prior to the complaint. In addition, major digital asset trading platforms announced that they would delist XRP from their platforms. The SEC’s action against XRP’s promoters underscores the continuing uncertainty around which digital assets are securities, and demonstrates that such factors as how long a digital asset has been in existence, how widely held it is, how large its market capitalization is and that it has actual usefulness in commercial transactions, ultimately may have no bearing on whether the SEC or a court will find it to be a security. See “Risk Factors—Risk Factors Related to Digital Assets—A determination that a digital asset is a “security” may adversely affect the value of such digital assets and the value of the Shares if such digital asset is a Fund Component.”

Effective January 4, 2021, the Fund removed XRP from the Fund’s portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. See “Item 15. Financial Statements and Exhibits—Note 11. Subsequent Events” for a description of the portfolio rebalancing.

Bitcoin Cash

Bitcoin Cash (“Bitcoin Cash” or “BCH”) is a derivative of Bitcoin that was created on August 1, 2017 in connection with a fork of Bitcoin. The fork was the result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Whereas Bitcoin has a block size limit of 1MB and has activated a technical feature known as Segregated Witness for efficient and low cost off-blockchain scaling, BCH has a block size limit of 8MB and is primarily focused on on-blockchain scaling, with lower transaction fees. As a result of the hard fork, each holder of Bitcoin at the time of the fork received the same number of units of BCH as the number of Bitcoin it held at such time. BCH is now generally supported across most exchanges and wallet providers.

Because BCH shares the same codebase as Bitcoin, from a technical perspective, BCH is nearly identical in all respects to the version of Bitcoin that existed at the time of the fork. For that reason, the Bitcoin Cash network also made a few additional technical modifications, in order to address certain risks presented by an asset with such substantial similarities to Bitcoin. For example, because both the Bitcoin chain and the BCH chain use the same proof-of-work algorithm, miners can easily move between the two chains, depending on which asset is

more profitable to mine at a given point in time. On November 13, 2017, the Bitcoin Cash network introduced an adjustment to the algorithm that controls mining difficulty because mining difficulty was fluctuating rapidly as large amounts of mining power continuously entered and exited the Bitcoin Cash network. Additionally, the Bitcoin Cash network introduced a new transaction signature function to guard against replay attacks, a certain type of attack that can occur after a hard fork, in which transactions from one network are rebroadcast to nefarious effect on the other network.

Similar to the Bitcoin network, the Bitcoin Cash network operates on a proof-of-work model and the supply of new BCH is mathematically controlled so that the number of BCH grows at a limited rate pursuant to a pre-set schedule. This deliberately controlled rate of BCH creation means that the number of BCH in existence will increase at a controlled rate until the number of BCH in existence reaches the pre-determined 21 million BCH. Estimates of when the 21 million BCH limitation will be reached range from at or near the year 2140.

Litecoin

Litecoin (“Litecoin” or “LTC”) is a derivative of Bitcoin that was created in late 2011 by Charlie Lee, a former Google employee, in connection with a fork of Bitcoin. Although Litecoin is thus very similar to Bitcoin, there are several key differences between the Litecoin network and the Bitcoin network. These differences include a block generation time of approximately two and a half minutes for LTC as compared to ten minutes for Bitcoin, and a cap on the number of coins that will be created of 84 million LTC, as compared to 21 million for Bitcoin. As a result of these differences, transactions using LTC occur four times faster than transactions using Bitcoin and at a lower cost. Litecoin also implemented scrypt, a distinct hashing algorithm different from Bitcoin’s SHA-256 hashing algorithm, which results in less centralized mining hash power.

Similar to the Bitcoin network, the Litecoin network operates on a proof-of-work model and the supply of new LTC is mathematically controlled so that the number of LTC grows at a limited rate pursuant to a pre-set schedule. However, unlike Bitcoin, the number of LTC awarded for solving a new block is automatically halved after every 840,000 blocks are added to the Litecoin blockchain. Currently, the fixed reward for solving a new block is 12.5 LTC per block and this is expected to decrease by half to become 6.25 LTC after the next 840,000 blocks since the last reward reduction have entered the Litecoin network, which is expected to be August 2023. This deliberately controlled rate of LTC creation means that the number of LTC in existence will increase at a controlled rate until the number of LTC in existence reaches the pre-determined 84 million LTC. Estimates of when the 84 million LTC limitation will be reached range from at or near the year 2140.

Forks and Airdrops

A “hard fork” of a Digital Asset Network occurs when there is a disagreement among users and miners over modifications to a Digital Asset Network, which are typically made through software upgrades and subsequently accepted or rejected through downloads or lack thereof of the relevant software upgrade by users. If less than a substantial majority of users and miners consent to a proposed modification, and the modification is not compatible with the software prior to its modification, a fork in the blockchain results, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork is the existence of two versions of the relevant Digital Asset Network running in parallel, yet lacking interchangeability. After a fork, holders of the original digital asset typically end up holding equal amounts of the original digital asset and the new digital asset.

For example, in July 2017, Bitcoin “forked” into Bitcoin and a new digital currency, Bitcoin Cash, as a result of a several-year dispute over how to increase the speed and number of transactions that the Bitcoin network can process in a given time interval (i.e., transaction throughput).

Forks may also occur after a significant security breach. For example, in June 2016, a smart contract developed and deployed on the Ethereum network was hacked and approximately \$60 million worth of ETH

were stolen, which resulted in most participants in the Ethereum ecosystem electing to adopt a hard fork that effectively reversed the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain now referred to as Ether Classic, or ETC. Ether Classic remains traded on several Digital Asset Exchanges.

Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run for any given digital asset. Such a fork could adversely affect the digital asset’s viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the network while resisting community-led efforts to merge the two chains, resulting in a permanent fork.

In addition to forks, a digital asset may become subject to a similar occurrence known as an “airdrop.” In an airdrop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free simply by virtue of having held the original digital asset at a certain point in time leading up to the airdrop. For example, in March 2017 the promoters of Stellar Lumens announced that anyone that owned Bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens.

Fund Component Value

Digital Asset Exchange Valuation

The value of digital assets is determined by the value that various market participants place on digital assets through their transactions. The most common means of determining the value of a digital asset is by surveying one or more Digital Asset Exchanges where the digital asset is traded publicly and transparently (e.g., Bitstamp, Coinbase, Kraken, and LMAX Digital). Additionally, there are over-the-counter dealers or market makers that transact in digital assets.

Digital Asset Exchange Public Market Data

On each online Digital Asset Exchange, digital assets are traded with publicly disclosed valuations for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or Euro or by the cryptocurrency Bitcoin. Over-the-counter dealers or market makers do not typically disclose their trade data.

The below tables reflect the trading volume in Fund Components and market share of the Fund Component-U.S. dollar trading pairs of each of the Digital Asset Exchanges eligible for inclusion in the Digital Asset Reference Rates from February 1, 2018 (date of the first Creation Basket of the Fund) to December 31, 2020, using data reported by each Reference Rate Provider:

Bitcoin Exchanges included in the Digital Asset Reference Rate as of December 31, 2020	Volume (BTC)	Market Share(1)
Coinbase Pro	14,675,989	20.66%
Bitstamp	9,509,570	13.39%
Kraken	6,697,274	9.43%
LMAX Digital	3,270,916	4.60%
Total U.S. Dollar-BTC trading pair	34,153,749	48.08%

- (1) Market share is calculated using trading volume (in Bitcoins) provided by the Reference Rate Provider which include, Coinbase Pro, Bitstamp, Kraken and LMAX Digital, as well as certain other large U.S.-dollar denominated Digital Asset Exchanges that are not currently included in the Digital Asset Reference Rate including Binance.US (data included from April 1, 2020), Bitfinex, Bitflyer (data included from December 24, 2018), Bittrex (data included from July 31, 2018), Gemini, itBit, LakeBTC (data included from January 27, 2019), and OKCoin.

<u>Ethereum Exchanges included in the Digital Asset Reference Rate as of December 31, 2020</u>	<u>Volume (ETH)</u>	<u>Market Share(1)</u>
Coinbase Pro	152,109,988	23.76%
Kraken	80,587,995	12.59%
Bitstamp	48,125,397	7.52%
LMAX Digital	21,546,093	3.37%
Total U.S. Dollar-ETH trading pair	302,369,473	47.24%

- (1) Market share is calculated using trading volume (in ETH) provided by the Reference Rate Provider which include, Coinbase Pro, Bitstamp, Kraken and LMAX Digital, as well as certain other large U.S.-dollar denominated Digital Asset Exchanges that are not currently included in the Digital Asset Reference Rate including Binance.US (data included from April 1, 2020), Bitfinex, Bittrex (data included from July 31, 2018), Gemini, OKCoin (data included from December 25, 2018), and itBit (data included from December 27, 2018).

<u>XRP Exchanges included in the Digital Asset Reference Rate as of December 31, 2020(1)</u>	<u>Volume (XRP)</u>	<u>Market Share(2)</u>
Bitstamp	53,118,214,030	25.74%
Coinbase Pro	43,553,655,102	21.10%
Kraken	17,832,671,785	8.64%
LMAX Digital	4,578,059,882	2.22%
Total U.S. Dollar-XRP trading pair	119,082,600,799	57.70%

- (1) Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. See "Item 15. Financial Statements and Exhibits—Note 11. Subsequent Events" for a description of the portfolio rebalancing.
- (2) Market share is calculated using trading volume (in XRP) provided by the Reference Rate Provider which include, Bitstamp, Kraken, Coinbase Pro, and LMAX Digital, as well as certain other large U.S.-dollar denominated Digital Asset Exchanges that are not currently included in the Digital Asset Reference Rate, including Binance.US (data included from April 1, 2020), Bitfinex, Bittrex (data included from August 20, 2018) and OKCoin (data included from December 25, 2018)

<u>Bitcoin Cash Exchanges included in the Digital Asset Reference Rate as of December 31, 2020</u>	<u>Volume (BCH)</u>	<u>Market Share(1)</u>
Coinbase Pro	37,522,820	33.86%
Kraken	11,756,217	10.61%
Bitstamp	8,652,536	7.81%
LMAX Digital	2,542,358	2.29%
Total U.S. Dollar-BCH trading pair	60,473,931	54.57%

- (1) Market share is calculated using trading volume (in BCH) provided by the Reference Rate Provider which include, Coinbase Pro, Kraken, Bitstamp and LMAX Digital, as well as certain other large U.S.-dollar denominated Digital Asset Exchanges that are not currently included in the Digital Asset Reference Rate, including Binance.US (data included from April 1, 2020), Bittrex (data included from March 13, 2019), Gemini (data included from January 8, 2019) and OKCoin (data included from December 25, 2018).

<u>Litecoin Exchanges included in the Reference Rate as of December 31, 2020</u>	<u>Volume (LTC)</u>	<u>Market Share(1)</u>
Coinbase Pro	260,023,164	39.15%
Bitstamp	51,862,170	7.81%
Kraken	30,309,579	4.56%
LMAX Digital	15,984,139	2.41%
Total U.S. Dollar-LTC trading pair	358,179,052	53.93%

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- (1) Market share is calculated using trading volume (in LTC) provided by the Reference Rate Provider which include, Coinbase Pro, Bitstamp, Kraken, and LMAX Digital as well as certain other large U.S.-dollar denominated Digital Asset Exchanges that are not currently included in the Digital Asset Reference Rate, including Binance.US (data included from April 1, 2020), Bitfinex, Gemini (data included from October 25, 2018) Bittrex (data included from March 13, 2019), and OKCoin (data included from July 1, 2018).

The domicile, regulation and legal compliance of the Digital Asset Exchanges included in the Reference Rate varies. Information regarding each Digital Asset Exchange may be found, where available, on the websites for such Digital Asset Exchanges, among other places.

Although each Digital Asset Reference Rate is designed to accurately capture the market price of the digital asset it tracks, third parties may be able to purchase and sell such digital assets on public or private markets not included among the constituent Digital Asset Exchanges of such Digital Asset Reference Rate, and such transactions may take place at prices materially higher or lower than the Digital Asset Reference Rate. Moreover, there may be variances in the prices of digital assets on the various Digital Asset Exchanges, including as a result of differences in fee structures or administrative procedures on different Digital Asset Exchanges.

For example, based on data provided by the Reference Rate Provider, on any given day during the twelve months ended December 31, 2020, the maximum differential between the 4:00 p.m., New York time spot price of Bitcoin on any single Digital Asset Exchange included in the Index and the Reference Rate was 14.21% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Exchange included in the Index and the Digital Asset Reference Rate was 14.14%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Exchanges included in the Index and the Reference Rate was 0.18%. Further, on any given day during the twelve months ended December 31, 2020, the maximum differential between the 4:00 p.m., New York time spot price of Ethereum on any single Digital Asset Exchange included in the Index and the Reference Rate was 16.25% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Exchange included in the Index and the Digital Asset Reference Rate was 16.15%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Exchanges included in the Index and the Reference Rate was 0.39%. The timeframe chosen reflects the longest continuous period during which the Digital Asset Exchanges that are currently included in the Index have been constituents. All Digital Asset Exchanges that were included in the Index throughout the period were considered in this analysis. To the extent such prices differ materially from the Index Price, investors may lose confidence in the Shares' ability to track the market price of Fund Components.

TradeBlock Digital Asset Reference Rates

The Fund values its digital assets for operational purposes by reference to the Digital Asset Reference Rates, less the Fund's expenses and other liabilities. There are two types of Digital Asset Reference Rates: (i) a Spot Price and (ii) an Index Price, in each case as derived from data collected from the Digital Asset Exchanges trading such digital asset selected by the Reference Rate Provider. The following paragraph and sections entitled "Constituent Exchange Selection" and "Weighting & Adjustments" apply to Digital Asset Reference Rates that are Index Prices.

Each Digital Asset Reference Rate is a U.S. dollar- or BTC-denominated composite reference rate for the price of the applicable digital asset. Each Digital Asset Reference is designed to (1) mitigate instances of fraud, manipulation and other anomalous trading activity, (2) provide a real-time, volume-weighted fair value of the applicable digital asset and (3) appropriately handle and adjust for non-market related events.

Constituent Exchange Selection

Each Digital Asset Reference Rate is designed to have limited exposure to interruption of individual Digital Asset Exchanges by collecting transaction data from top Digital Asset Exchanges in real-time. The Digital Asset

Exchanges that are included each Digital Asset Reference Rate are selected by the Reference Rate Provider utilizing a methodology that is guided by the International Organization of Securities Commissions (“IOSCO”) principles for financial benchmarks. For an exchange to become a Digital Asset Exchange included in a Digital Asset Reference Rate (a “Constituent Exchange”), it must satisfy the criteria listed below:

- Compliance with applicable U.S. federal and state licensing requirements and practices regarding Anti-Money Laundering (“AML”) and Know-Your-Customer (“KYC”) regulations (i.e., a U.S.-Compliant Exchange)
- Publicly known ownership
- No restrictions on deposits and/or withdrawals of Fund Components
- No restrictions on deposits and/or withdrawals of U.S. dollars
- Reliably displays new trade prices and volumes on a real-time basis through APIs
- Programmatic trading of the Fund Component/U.S. dollar spot price
- Liquid market in the Fund Component/U.S. dollar spot price
- Trading volume must represent a minimum of total Fund Component/U.S. dollar trading volumes (5% for U.S. exchanges and 10% non-U.S. exchanges)
- Discretion of the Reference Rate Provider’s analysts

A Digital Asset Exchange is removed from a Digital Asset Reference Rate when it no longer satisfies the criteria for inclusion in the Digital Asset Reference Rate. The Reference Rate Provider does not currently include data from over-the-counter markets or derivatives platforms in the Digital Asset Reference Rate. Over-the-counter data is not currently included because of the potential for trades to include a significant premium or discount paid for larger liquidity, which creates an uneven comparison relative to more active markets. There is also a higher potential for over-the-counter transactions to not be arms-length, and thus not be representative of a true market price. Digital asset derivative markets are also not currently included as the markets remain relatively thin. The Reference Rate Provider will consider IOSCO principles for financial benchmarks and the management of trading venues of digital asset derivatives when considering inclusion of over-the-counter or derivative platform data in the future.

The Reference Rate Provider may change the trading venues that are used to calculate a Digital Asset Reference Rate or otherwise change the way in which a Digital Asset Reference Rate is calculated at any time. For example, the Reference Rate Provider has scheduled quarterly reviews in which it may add or remove Constituent Exchanges that satisfy or fail the Inclusion Criteria. The Reference Rate Provider does not have any obligation to consider the interests of the Manager, the Fund, the shareholders, or anyone else in connection with such changes. The Reference Rate Provider is not required to publicize or explain the changes or to alert the Manager to such changes. Although the Digital Asset Reference Rate methodology is designed to operate without any human interference, rare events would justify manual intervention. Intervention of this kind would be in response to non-market-related events, such as the halting of deposits or withdrawals of funds on a Digital Asset Exchange, the unannounced closure of operations on a Digital Asset Exchange, insolvency or the compromise of user funds. In the event that such an intervention is necessary, the Reference Rate Provider would issue a public announcement through its website, API and other established communication channels with its clients.

Weighting & Adjustments

Each Digital Asset Reference Rate applies an algorithm to the 24-hour volume-weighted average price of the applicable digital asset on the Constituent Exchanges calculated on a per second basis. Each Digital Asset

Reference Rate's algorithm reflects a four-pronged methodology to calculate the Index Price from the Constituent Exchanges:

- Volume Weighting: Constituent Exchanges with greater liquidity receive a higher weighting in each Digital Asset Reference Rate, increasing the ability to execute against (i.e., replicate) such Digital Asset Reference Rate in the underlying spot markets.
- Price-Variance Weighting: Each Digital Asset Reference Rate reflects data points that are discretely weighted in proportion to their variance from the rest of the Constituent Exchanges. As the price at a Constituent Exchange diverges from the prices at the rest of the Constituent Exchanges, its weight in the Digital Asset Reference Rate consequently decreases.
- Inactivity Adjustment: Each Digital Asset Reference Rate algorithm penalizes activity from any given Constituent Exchange. When a Constituent Exchange does not have recent trading data, its weighting in the Reference Rate is gradually reduced until it is de-weighted entirely. Similarly, once trading activity at a Constituent Exchange resumes, the corresponding weighting for that Constituent Exchange is gradually increased until it reaches the appropriate level.
- Manipulation Resistance: In order to mitigate the effects of wash trading and order book spoofing, the Digital Asset Reference Rate only includes executed trades in its calculation. Additionally, each Digital Asset Reference Rate only includes Constituent Exchanges that charge trading fees in order to attach a real, quantifiable cost to any manipulation attempts.

The Reference Rate Provider formally re-evaluates the weighting algorithm quarterly, but maintains discretion to change the way in which a Digital Asset Reference Rate is calculated based on its periodic review or in extreme circumstances. Each Digital Asset Reference Rate is designed to limit exposure to trading or price distortion of any individual Digital Asset Exchange that experiences periods of unusual activity or limited liquidity by discounting, in real-time, anomalous price movements at individual Digital Asset Exchanges.

The Manager believes the Reference Rate Provider's selection process for Constituent Exchanges as well as the methodology of each Digital Asset Reference Rate's algorithm provides a more accurate picture of digital asset price movements than a simple average of Digital Asset Exchange spot prices, and that the weighting of digital asset prices on the Constituent Exchanges limits the inclusion of data that is influenced by temporary price dislocations that may result from technical problems, limited liquidity or fraudulent activity elsewhere in the digital asset spot market. By referencing multiple trading venues and weighting them based on trade activity, the Manager believes that the impact of any potential fraud, manipulation or anomalous trading activity occurring on any single venue is reduced.

The Manager will use the following cascading set of rules to calculate the Digital Asset Reference Rate for each Fund Component. For the avoidance of doubt, the Manager will employ the below rules sequentially and in the order as presented below, should one or more specific rule(s) fail:

1. Digital Asset Reference Rate = The price set by the relevant Spot Price or Index Price as of 4:00 p.m., New York time, on the valuation date. If the relevant Spot Price or Index Price becomes unavailable, or if the Manager determines in good faith that such Spot Price or Index Price does not reflect an accurate digital asset price, then the Manager will, on a best efforts basis, contact the Reference Rate Provider to obtain the Digital Asset Reference Rate directly from the Reference Rate Provider. If after such contact such Spot Price or Index Price remains unavailable or the Manager continues to believe in good faith that such Spot Price or Index Price does not reflect an accurate price for the relevant digital asset, then the Manager will employ the next rule to determine the Digital Asset Reference Rate.
2. Digital Asset Reference Rate = The volume-weighted average digital asset price for the immediately preceding 24-hour period at 4:00 p.m., New York time, on the trade date as published by a third party's public data feed that is reasonably reliable, subject to the requirement that such data is calculated based upon a volume-weighted price obtained from the major Digital Asset Exchanges (the "Source").

Subject to the next sentence, if the Source becomes unavailable (e.g., data sources from the Source for digital asset prices become unavailable, unwieldy or otherwise impractical for use) or if the Manager determines in good faith that the Source does not reflect an accurate price for the relevant digital asset, then the Manager will, on a best efforts basis, contact the Source in an attempt to obtain the relevant data. If after such contact the Source remains unavailable after such contact or the Manager continues to believe in good faith that the Source does not reflect an accurate digital asset price, then the Manager will employ the next rule to determine the Digital Asset Reference Rate.

3. Digital Asset Reference Rate = The volume-weighted average price as calculated by dividing the sum of the total volume of transactions in the relevant digital asset in U.S. dollar by the total volume of transactions in such digital asset, in each case for the immediately preceding 24-hour period as of 4:00 p.m., New York time, on the trade date as published by a third party's public data feed that is reasonably reliable, subject to the requirement that such data is calculated based upon a volume-weighted price obtained from the major Digital Asset Exchanges (the "Second Source"). Subject to the next sentence, if the Second Source becomes unavailable (e.g., data sources from the Second Source become unavailable, unwieldy or otherwise impractical for use) or if the Manager determines in good faith that the Second Source does not reflect an accurate price for the relevant digital asset, then the Manager will, on a best efforts basis, contact the Second Source in an attempt to obtain the relevant data. If after such contact the Second Source remains unavailable after such contact or the Manager continues to believe in good faith that the Second Source does not reflect an accurate digital asset price, then the Manager will employ the next rule to determine the Digital Asset Reference Rate.

4. Digital Asset Reference Rate = The volume-weighted average price as calculated by dividing the sum of the total volume of transactions in the relevant digital asset in U.S. dollar by the total volume of transactions in such digital asset, in each case for the immediately preceding 24-hour period as of 4:00 p.m., New York time, on the trade date on the benchmark exchanges for such digital asset that represent at least 10% of the aggregate trading volume of the Digital Asset Exchange Market during the last 30 consecutive calendar days and that to the knowledge of the Manager are in substantial compliance with the laws, rules and regulations, including any anti-money laundering and know-your-customer procedures (collectively, "Digital Asset Benchmark Exchanges"). If there are fewer than three individual Digital Asset Benchmark Exchanges each of which represent at least 10% of the aggregate trading volume on the Digital Asset Exchange Market for the relevant digital asset during the last 30 consecutive calendar days, then the Digital Asset Benchmark Exchanges that will serve as the basis for the Digital Asset Reference Rate calculation will be those Digital Asset Benchmark Exchanges that meet the above-described requirements, as well as one or more additional Digital Asset Exchanges, as selected by the Manager, that meets a monthly minimum trading volume requirement.

The Manager will review the composition of the exchanges that comprise the Digital Asset Benchmark Exchanges for the relevant digital asset at the beginning of each month in order to ensure the accuracy of such composition.

Subject to the next sentence, if one or more of the Digital Asset Benchmark Exchanges become unavailable (e.g., data sources from the Digital Asset Benchmark Exchanges become unavailable, unwieldy or otherwise impractical for use) or if the Manager determines in good faith that one or more Digital Asset Benchmark Exchanges do not reflect an accurate price for the relevant digital asset, then the Manager will, on a best efforts basis, contact the Digital Asset Benchmark Exchange that is experiencing the service outages in an attempt to obtain the relevant data. If after such contact one or more of the Digital Asset Benchmark Exchanges remain unavailable after such contact or the Manager continues to believe in good faith that one or more Digital Asset Benchmark Exchanges do not reflect an accurate digital asset price, then the Manager will employ the next rule to determine the Digital Asset Reference Rate.

5. Digital Asset Reference Rate = The Manager will use its best judgment to determine a good faith estimate of the Digital Asset Reference Rate.

In the event of a fork, the Reference Rate Provider may calculate the Digital Asset Reference Rate based on a digital asset that the Manager does not believe to be the appropriate asset that is held by the Fund. In this event, the Manager has full discretion to use a different reference rate provider or calculate the Digital Asset Reference Rate itself using its best judgment.

Forms of Attack Against Digital Asset Networks

All networked systems are vulnerable to various kinds of attacks. As with any computer network, Digital Asset Networks contain certain flaws. For example, each of the Digital Asset Networks of the Fund Components is vulnerable to a “51% attack” where, if a mining pool were to gain control of more than 50% of the hash rate for the applicable digital asset, a malicious actor would be able to gain full control of the network and the ability to manipulate such digital asset’s blockchain.

In addition, many Digital Asset Networks have been subjected to a number of denial of service attacks, which has led to temporary delays in block creation and in the transfer of digital assets. Any similar attacks on the Digital Asset Network of a Fund Component that impacts the ability to transfer such Fund Component could have a material adverse effect on the price of such Fund Component and the value of an investment in the Shares.

Market Participants

Miners and Validators

Miners range from digital asset enthusiasts to professional mining operations that design and build dedicated machines and data centers, including mining pools, which are groups of miners that act cohesively and combine their processing power to solve blocks (in the case of proof-of-work) or stake coins (in the case of proof-of-stake). When a pool mines a new block, the pool operator receives the digital asset and, after taking a nominal fee, splits the resulting reward among the pool participants based on the processing power each of them contributed to mine such block. Mining pools provide participants with access to smaller, but steadier and more frequent, digital asset payouts.

Proof-of-Work

Under a proof-of-work ecosystem, miners, through the use of a software program, engage in a set of prescribed complex mathematical calculations in order to add a block to the blockchain and thereby confirm transactions included in that block’s data. The mathematical solution to add, or “solve,” a block is called a hash. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are incentivized to participate in proof-of-work ecosystems because the addition of a block creates new tokens of the applicable digital asset, which are awarded to miners that successfully solve the block.

The significant increase in the number of miners supporting the operations of Digital Asset Networks and the associated increase in mining capacity in recent years have radically increased the difficulty of finding a valid hash on any given digital asset’s network. In some respects, hashing is akin to a mathematical lottery, and miners that have devices with greater processing power (i.e., the ability to make more hash calculations per second) are more likely to be successful miners. Currently, the likelihood that an individual acting alone will be able to solve a block, and thus be awarded digital currency tokens, is extremely low. As a result, although there are individual miners, the vast majority of mining is undertaken by professional mining operations and mining “pools,” which are groups of multiple miners that act cohesively and combine their processing power to solve blocks. When a pool solves a new block, the pool operator receives the Bitcoin reward and, after taking a nominal fee, splits the resulting amount among the pool participants based on the processing power they each contributed to solve for such block.

Proof-of-Stake

Unlike proof-of-work, in which miners expend computational resources to compete to validate transactions and are rewarded coins in proportion to the amount of computational resources expended, in proof-of-stake, miners (sometimes called validators) risk or “stake” coins to compete to be randomly selected to validate transactions and are rewarded coins in proportion to the amount of coins staked. Any malicious activity, such as mining multiple blocks, disagreeing with the eventual consensus or otherwise violating protocol rules, results in the forfeiture or “slashing” of a portion of the staked coins. Proof-of-stake is viewed as more energy efficient and scalable than proof-of-work and is sometimes referred to as “virtual mining”.

Investment and Speculative Sector

This sector includes the investment and trading activities of both private and professional investors and speculators. Historically, larger financial services institutions are publicly reported to have limited involvement in investment and trading in digital assets, although the participation landscape is beginning to change. Currently, there is relatively limited use of digital assets in the retail and commercial marketplace in comparison to relatively extensive use by speculators, and a significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of digital assets.

Retail Sector

The retail sector includes users transacting in direct peer-to-peer digital asset transactions through the direct sending of the digital assets over Digital Asset Networks. The retail sector also includes transactions in which consumers pay for goods or services from commercial or service businesses through direct transactions or third-party service providers, although the use of digital assets as a means of payment is still developing.

Service Sector

This sector includes companies that provide a variety of services including the buying, selling, payment processing and storing of digital assets. Bitstamp, Coinbase Pro, Kraken and LMAX Digital are some of the largest Digital Asset Exchanges by volume traded. Coinbase Custody Trust Company, LLC, the Custodian for the Fund, is a digital asset custodian that provides custodial accounts that store digital assets for users. As the Digital Asset Networks continue to grow in acceptance, it is anticipated that service providers will expand the currently available range of services and that additional parties will enter the service sector for Digital Asset Networks.

Competition

More than 8,000 other digital assets have been developed since the inception of Bitcoin, currently the most developed digital asset because of the length of time it has been in existence, the investment in the infrastructure that supports it, and the network of individuals and entities that are using Bitcoin in transactions. While digital assets, including the Fund Components, have enjoyed some success in their limited history, the aggregate value of outstanding Fund Components, excluding Bitcoin, is much smaller than that of Bitcoin and may be eclipsed by the more rapid development of other digital assets.

Not a Regulated Commodity Pool

The Fund will not trade, buy, sell or hold digital asset derivatives, including digital asset futures contracts, on any futures exchange. The Fund is authorized solely to take immediate delivery of actual digital assets or cash. The Manager does not believe the Fund's activities are required to be regulated by the CFTC under the CEA as a "commodity pool" under current law, regulation and interpretation. The Fund will not be operated by a CFTC-regulated commodity pool operator because it will not trade, buy, sell or hold digital asset derivatives, including digital asset futures contracts, on any futures exchange. Investors in the Fund will not receive the regulatory protections afforded to investors in regulated commodity pools, nor may the COMEX division of the New York Mercantile Exchange or any futures exchange enforce its rules with respect to the Fund's activities. In addition, investors in the Fund will not benefit from the protections afforded to investors in digital asset futures contracts on regulated futures exchanges.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our audited and unaudited financial statements and related notes included elsewhere in this Information Statement, which have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The following discussion may contain forward-looking statements based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Information Statement, particularly in "Risk Factors" and "Statement Regarding Forward-Looking Statements."

Fund Overview

The Fund is a passive entity that is managed and administered by the Manager and does not have any officers, directors or employees. The Fund holds Fund Components and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of Fund Components. As a passive investment vehicle, the investment objective of the Fund is for the Shares to reflect the value of the Fund Components held by the Fund, determined by reference to the Digital Asset Reference Rates, less the Fund's expenses and other liabilities. The Fund is not managed like a business corporation or an active investment vehicle. As of December 31, 2020 and June 30, 2020, the Fund had unlimited Shares authorized and 15,392,800 and 6,029,000 Shares issued and outstanding, respectively.

	As of December 31, 2020	As of June 30, 2020
Number of Shares authorized	Unlimited	Unlimited
Number of Shares outstanding	15,392,800	6,029,000
Number of Shares freely tradable(1)	4,336,512	2,542,541
Number of beneficial holders owning at least 100 Shares(2)	110	42
Number of holders of record(2)	110	42

- (1) Includes the total number of unrestricted Shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10% of the total Shares outstanding, or anyone who controls, is controlled by or is under common control with such person, or any immediate family members of officers, directors and control persons. Freely tradable Shares inclusive of holders with more than 10% of total Shares outstanding was 4,336,512 and 2,542,541 for the periods ending December 31, 2020 and June 30, 2020, respectively.
- (2) Includes Cede & Co. as nominee for DTC for the Shares traded on OTCQX. Therefore, this number does not include the individual holders who have bought/sold Shares on OTCQX or transferred their eligible Shares to their brokerage accounts.

Critical Accounting Policies and Estimates

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions or for payment of expenses in Fund Components. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee in the Fund Components.

Principal Market and Fair Value Determination

To determine which market is the Fund's principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund's NAV, the Fund follows ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components from the Authorized Participant and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to the Authorized Participant when assessing entity-specific and market-based volume and level of activity for Digital Asset Markets. The Authorized Participant transacts in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB Master Glossary. The Authorized Participant, as a related party of the Manager, provides information about the Digital Asset Markets on which it transacts to the Fund. In determining which of the eligible Digital Asset Markets is the Fund's principal market for each Fund Component, the Fund reviews these criteria in the following order:

- First, the Fund reviews a list of each Digital Asset Markets and excludes any Digital Asset Markets that are non-accessible to the Fund and the Authorized Participant. The Fund or the Authorized Participant does not have access to the Digital Asset Exchange Markets that do not have a BitLicense and has access only to non-Digital Asset Exchange Markets that the Authorized Participant reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Fund sorts the remaining Digital Asset Markets from high to low by entity-specific and market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.
- Third, the Fund then reviews intra-day pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Fund then selects a Digital Asset Market as its principal market for such Fund Component based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Exchange Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the analysis, an Exchange Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market for each Fund Component.

The cost basis of the investment in each Fund Component recorded by the Fund for financial reporting purposes is the fair value of the Fund Component at the time of transfer. The cost basis recorded by the Fund

may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Company Considerations

The Fund is an investment company for GAAP purposes and follows accounting and reporting guidance in accordance with the FASB ASC Topic 946, *Financial Services — Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not registered under the Investment Company Act of 1940. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

Review of Financial Results

Financial Highlights for the Three and Six Months Ended December 31, 2020 and 2019 (unaudited)

(All amounts in the following table and the subsequent paragraphs, except per Share, each Fund Component and price per each Fund Component amounts, are in thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
Net realized and unrealized gain (loss) on investments in digital assets	\$ 146,712	\$ (3,693)	\$ 154,619	\$ (10,593)
Net increase (decrease) in net assets resulting from operations	\$ 145,617	\$ (3,852)	\$ 153,149	\$ (10,904)
Net assets	\$ 252,657	\$ 19,921	\$ 252,657	\$ 19,921

Net realized and unrealized gain on investment in digital assets for the three months ended December 31, 2020 was \$146,712, which includes a realized gain of \$426 on the transfer of digital assets to pay the Manager's Fee and net change in unrealized appreciation on investment in digital assets of \$146,286. Net increase in net assets resulting from operations was \$145,617 for the three months ended December 31, 2020, which consisted of the net realized and unrealized gain on investment in digital assets, less the Manager's Fee of \$1,095. Net assets increased to \$252,657 at December 31, 2020, a 194% increase for the period. The increase in net assets resulted from the contribution of approximately 1,054 BTC, 6,094 ETH, 2,441,699 XRP, 1,061 BCH and 3,443 LTC with a total value of \$21,199 to the Fund in connection with Share creations, partially offset by the withdrawal of approximately 51 BTC, 298 ETH, 119,274 XRP, 52 BCH and 167 LTC to pay the foregoing Manager's Fee.

Net realized and unrealized loss on investment in digital assets for the three months ended December 31, 2019 was (\$3,693), which includes a realized loss of (\$41) on the transfer of digital assets to pay the Manager's Fee and net change in unrealized depreciation on investment in digital assets of (\$3,652). Net decrease in net assets resulting from operations was (\$3,852) for the three months ended December 31, 2019, which consisted of the net realized and unrealized loss on investment in digital assets, plus the Manager's Fee of \$159. Net assets increased to \$19,921 at December 31, 2019, a 23% increase for the period. The increase in net assets resulted from the contribution of approximately 749 BTC, 4,331 ETH, 1,735,457 XRP, 754 BCH and 2,448 LTC with a total value of \$7,608 to the Fund in connection with Share creations, partially offset by the withdrawal of 16 BTC, 93 ETH, 37,326 XRP, 16 BCH and 52 LTC to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investment in digital assets for the six months ended December 31, 2020 was \$154,619, which includes a realized gain of \$473 on the transfer of digital assets to pay the Manager's Fee

and net change in unrealized appreciation on investment in digital assets of \$154,146. Net increase in net assets resulting from operations was \$153,149 for the six months ended December 31, 2020, which consisted of the net realized and unrealized gain on investment in digital assets, less the Manager's Fee of \$1,470. Net assets increased to \$252,657 at December 31, 2020, a 680% increase for the period. The increase in net assets resulted from the contribution of approximately 4,458 BTC, 25,774 ETH, 10,327,654 XRP, 4,486 BCH and 14,566 LTC with a total value of \$67,133 to the Fund in connection with Share creations, partially offset by the withdrawal of approximately 79 BTC, 457 ETH, 183,002 XRP, 80 BCH and 257 LTC to pay the foregoing Manager's Fee.

Net realized and unrealized loss on investment in digital assets for the six months ended December 31, 2019 was (\$10,593), which includes a realized loss of (\$94) on the transfer of digital assets to pay the Manager's Fee, net change in unrealized depreciation on the Manager's Fee payable of \$57, and net change in unrealized depreciation on investment in digital assets of (\$10,556). Net decrease in net assets resulting from operations was (\$10,904) for the six months ended December 31, 2019, which consisted of the net realized and unrealized loss on investment in digital assets, plus the Manager's Fee of \$311. Net assets decreased to \$19,921 at December 31, 2019, a 12% decrease for the period. The decrease in net assets resulted from the withdrawal of 39 BTC, 227 ETH, 91,052 XRP, 61 BCH and 128 LTC to pay the foregoing Manager's Fee, partially offset by the contribution of approximately 794 BTC, 4,591 ETH, 1,839,834 XRP, 799 BCH and 2,595 LTC with a total value of \$8,203 to the Fund in connection with Share creations.

Financial Highlights for the Years Ended June 30, 2020 and 2019

(All amounts in the following table and the subsequent paragraphs, except Share, per Share, each Fund Component and price of each Fund Component amounts, are in thousands)

	For the Year Ended June 30,	
	2020	2019
Net realized and unrealized (loss) gain on investment in digital assets	\$ (3,629)	\$ 7,099
Net (decrease) increase in net assets resulting from operations	\$ (4,347)	\$ 6,751
Net assets	\$ 32,374	\$ 22,622

Net realized and unrealized loss on investment in digital assets for the year ended June 30, 2020 was (\$3,629), which includes a realized loss of (\$147) on the transfer of digital assets to pay the Manager's Fee, net change in unrealized depreciation on Manager's Fee payable of \$57 and net change in unrealized depreciation on investment in digital assets of (\$3,539). Net decrease in net assets resulting from operations was (\$4,347) for the year ended June 30, 2020, which consisted of the net realized and unrealized loss on investment in digital assets, plus the Manager's Fee of \$718. Net assets increased to \$32,374 at June 30, 2020, a 43% increase for the year. The increase in net assets resulted from the contribution of approximately 1,424 BTC, 8,231 ETH, 3,298,241 XRP, 1,433 BCH and 4,652 LTC with a total value of \$14,099 to the Fund in connection with Share creations, partially offset by the withdrawal of 78 BTC, 450 ETH, 180,308 XRP, 100 BCH and 254 LTC to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investment in digital assets for the year ended June 30, 2019 was \$7,099, which includes a realized loss of (\$198) on the transfer of digital assets to pay the Manager's Fee, net change in unrealized appreciation on the Manager's Fee payable of (\$78) and net change in unrealized appreciation on investment in digital assets of \$7,375. Net increase in net asset resulting from operations was \$6,751 for the year ended June 30, 2019, which consisted of the net realized and unrealized gain on investment in digital assets less the Manager's Fee of \$348. Net assets increased to \$22,622 at June 30, 2019, a 113% increase for the year. The increase in net assets was due to the contribution of approximately 603 BTC, 3,488 ETH, 1,397,706 XRP, 607 BCH and 1,972 LTC with a total value of \$5,242 to the Fund in connection with Share creations, partially offset by the withdrawal of 36 BTC, 212 ETH, 84,989 XRP, 17 BCH and 120 LTC to pay the foregoing Manager's Fee.

Off-Balance Sheet Arrangements

The Fund is not a party to any off-balance sheet arrangements.

Cash Resources and Liquidity

The Fund has not had a cash balance at any time since inception. When selling Fund Components and/or Forked Assets to pay Additional Fund Expenses, the Manager endeavors to sell the exact number of Fund Components and/or Forked Assets needed to pay expenses in order to minimize the Fund's holdings of assets other than the Fund Components. As a consequence, the Manager expects that the Fund will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period.

In exchange for the Manager's Fee, the Manager has agreed to assume most of the expenses incurred by the Fund. As a result, the only ordinary expense of the Fund during the periods covered by this Information Statement was the Manager's Fee. The Fund is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

Quantitative and Qualitative Disclosures about Market Risk

The LLC Agreement does not authorize the Fund to borrow for payment of the Fund's ordinary expenses. The Fund does not engage in transactions in foreign currencies which could expose the Fund or holders of Shares to any foreign currency related market risk. The Fund does not invest in derivative financial instruments and has no foreign operations or long-term debt instruments.

Selected Operating Data

Three and Six Months Ended December 31, 2020 and 2019 (unaudited)

(All Fund Component balances are rounded to the nearest whole number)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
BTC:				
Opening balance	6,267	1,567	2,891	1,545
Creations	1,054	749	4,458	794
Manager's Fee, related party	(51)	(16)	(79)	(39)
Closing balance	7,270	2,300	7,270	2,300
Accrued but unpaid Manager's Fee, related party	—	—	—	—
Net closing balance	<u>7,270</u>	<u>2,300</u>	<u>7,270</u>	<u>2,300</u>
ETH:				
Opening balance	36,234	9,058	16,713	8,932
Creations	6,094	4,331	25,774	4,591
Manager's Fee, related party	(298)	(93)	(457)	(227)
Closing balance	42,030	13,296	42,030	13,296
Accrued but unpaid Manager's Fee, related party	—	—	—	—
Net closing balance	<u>42,030</u>	<u>13,296</u>	<u>42,030</u>	<u>13,296</u>

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
XRP:				
Opening balance	14,519,233	3,629,725	6,697,006	3,579,074
Creations	2,441,699	1,735,457	10,327,654	1,839,834
Manager's Fee, related party	(119,274)	(37,326)	(183,002)	(91,052)
Closing balance	16,841,658	5,327,856	16,841,658	5,327,856
Accrued but unpaid Manager's Fee, related party	—	—	—	—
Net closing balance	<u>16,841,658</u>	<u>5,327,856</u>	<u>16,841,658</u>	<u>5,327,856</u>
BCH:				
Opening balance	6,307	1,576	2,910	1,576
Creations	1,061	754	4,486	799
Manager's Fee, related party	(52)	(16)	(80)	(61)
Closing balance	7,316	2,314	7,316	2,314
Accrued but unpaid Manager's Fee, related party	—	—	—	—
Net closing balance	<u>7,316</u>	<u>2,314</u>	<u>7,316</u>	<u>2,314</u>
LTC:				
Opening balance	20,480	5,119	9,447	5,048
Creations	3,443	2,448	14,566	2,595
Manager's Fee, related party	(167)	(52)	(257)	(128)
Closing balance	23,756	7,515	23,756	7,515
Accrued but unpaid Manager's Fee, related party	—	—	—	—
Net closing balance	<u>23,756</u>	<u>7,515</u>	<u>23,756</u>	<u>7,515</u>
Number of Shares:				
Opening balance	13,170,200	3,194,900	6,029,000	3,103,600
Creations	2,222,600	1,530,300	9,363,800	1,621,600
Closing balance	<u>15,392,800</u>	<u>4,725,200</u>	<u>15,392,800</u>	<u>4,725,200</u>

	As of December 31,	
	2020	2019
Prices of digital assets on principal market		
BTC	\$ 29,185.05	\$ 7,145.00
ETH	\$ 744.99	\$ 127.86
XRP	\$ 0.22	\$ 0.19
BCH	\$ 341.98	\$ 202.00
LTC	\$ 124.49	\$ 41.01
NAV per Share	\$ 16.41	\$ 4.22
Digital Asset Index Prices		
BTC	\$ 28,788.57	\$ 7,200.71
ETH	\$ 740.77	\$ 130.35
XRP	\$ 0.22	\$ 0.19
BCH	\$ 349.11	\$ 207.45
LTC	\$ 126.00	\$ 41.77
Digital Asset Holdings per Share	\$ 16.22	\$ 4.26

For accounting purposes, the Fund reflects creations and the Fund Components receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite number of Fund Components is received. At this time, the Fund is not accepting redemption requests from shareholders. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

As of December 31, 2020, the Fund had a net closing balance with a value of \$249,618,828, based on the Digital Asset Reference Rates (non-GAAP methodology). As of December 31, 2020, the Fund had a total market value of \$252,656,850, based on the principal market prices.

As of December 31, 2019, the Fund had a net closing balance with a value of \$20,110,283, based on the Digital Asset Reference Rates (non-GAAP methodology). As of December 31, 2019, the Fund had a total market value of \$19,920,900, based on the principal market prices.

Years Ended June 30, 2020 and 2019

(All Fund Component balances are rounded to the nearest whole number)

	Years Ended June 30,	
	2020	2019
BTC:		
Opening balance	1,545	978
Creations	1,424	603
Manager's Fee, related party	(78)	(36)
Closing balance	2,891	1,545
Accrued but unpaid Manager's Fee, related party	—	(11)
Net closing balance	2,891	1,534

	Years Ended June 30,	
	2020	2019
ETH:		
Opening balance	8,932	5,656
Creations	8,231	3,488
Manager's Fee, related party	(450)	(212)
Closing balance	16,713	8,932
Accrued but unpaid Manager's Fee, related party	—	(66)
Net closing balance	16,713	8,866
XRP:		
Opening balance	3,579,073	2,266,356
Creations	3,298,241	1,397,706
Manager's Fee, related party	(180,308)	(84,989)
Closing balance	6,697,006	3,579,073
Accrued but unpaid Manager's Fee, related party	—	(26,310)
Net closing balance	6,697,006	3,552,763
BCH:		
Opening balance	1,577	987
Creations	1,433	607
Manager's Fee, related party	(100)	(17)
Closing balance	2,910	1,577
Accrued but unpaid Manager's Fee, related party	—	(33)
Net closing balance	2,910	1,544
LTC:		
Opening balance	5,049	3,197
Creations	4,652	1,972
Manager's Fee, related party	(254)	(120)
Closing balance	9,447	5,049
Accrued but unpaid Manager's Fee, related party	—	(37)
Net closing balance	9,447	5,012
Number of Shares:		
Opening balance	3,103,600	1,909,400
Creations	2,925,400	1,194,200
Closing balance	6,029,000	3,103,600

	As of June 30,	
	2020	2019
Prices of digital assets on principal market		
BTC	\$ 9,134.09	\$ 11,237.68
ETH	\$ 224.96	\$ 301.42
XRP	\$ 0.18	\$ 0.40
BCH	\$ 221.14	\$ 414.00
LTC	\$ 41.15	\$ 129.14
NAV per Share	\$ 5.37	\$ 7.29
Digital Asset Reference Rates		
BTC	\$ 9,156.26	\$ 11,532.62
ETH	\$ 226.56	\$ 307.40
XRP	\$ 0.18	\$ 0.41
BCH	\$ 223.73	\$ 424.31
LTC	\$ 41.55	\$ 131.09
Digital Asset Holdings per Share	\$ 5.39	\$ 7.47

For accounting purposes, the Fund reflects creations and the Fund Components receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite number of Fund Components is received. At this time, the Fund is not accepting redemption requests from shareholders. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

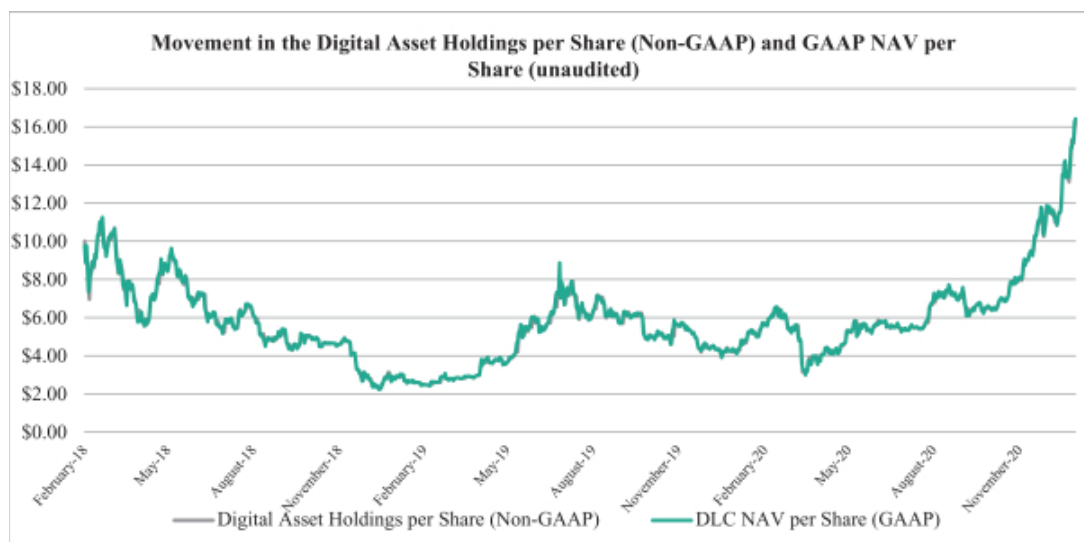
As of June 30, 2020, the Fund had a net closing balance with a value of \$32,483,418, based on the Digital Asset Reference Rates (non-GAAP methodology). As of June 30, 2020, the Fund had a total market value of \$32,374,401, based on the principal market prices.

As of June 28, 2019 (the last business day on which a Creation Basket could have been originated), the Fund had a net closing balance with a total value of \$22,735,747, based on the Digital Asset Reference Rates (non-GAAP methodology). As of June 30, 2019, the Fund had a net closing balance with a total value of \$23,191,688, based on the Digital Asset Reference Rates (non-GAAP methodology). As of June 30, 2019, the Fund had a net closing balance with a total market value of \$22,622,057, based on the principal market prices.

Historical Fund Component Prices

As movements in the price of each Fund Component will directly affect the price of the Shares, investors should understand recent movements in the price of each Fund Component. Investors, however, should also be aware that past movements in each of the Fund Component prices are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

The following chart illustrates the movement in the Digital Asset Holdings per Share (non-GAAP) versus the Fund's GAAP NAV per Share from February 1, 2018 (the first Creation Basket of the Fund) to December 31, 2020. For more information on the determination of the Fund's Digital Asset Holdings, see "Overview of the Digital Asset Industry and Market—Fund Component Value—Digital Asset Exchange Valuation."



Bitcoin

The Digital Asset Reference Rate for Bitcoin is an Index Price for Bitcoin. The following table illustrates the movements in the Index Price for Ethereum from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the Index Price has ranged from \$3,228.07 to \$28,788.57, with the straight average being \$8,513.99 through December 31, 2020. The Manager has not observed a material difference between the Index Price and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 7,021.97	\$ 11,510.58	3/5/2018	\$ 3,228.07	12/14/2018	\$ 3,760.46	\$ 3,760.46
Twelve months ended December 31, 2019	\$ 7,319.77	\$ 12,681.53	7/10/2019	\$ 3,365.98	2/7/2019	\$ 7,200.71	\$ 7,200.71
Twelve months ended December 31, 2020	\$ 11,074.72	\$ 28,788.57	12/31/2020	\$ 5,050.07	3/16/2020	\$ 28,788.57	\$ 28,788.57
February 1, 2018 to December 31, 2020	\$ 8,513.99	\$ 28,788.57	12/31/2020	\$ 3,228.07	12/14/2018	\$ 28,788.57	\$ 28,788.57

The following table illustrates the movements in the price of Bitcoin, as reported on the Fund's principal market for Bitcoin, from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the price of Bitcoin has ranged from \$3,164.61 to \$29,185.05, with the straight average being \$8,538.96:

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 7,021.08	\$ 11,770.00	2/20/2018	\$ 3,164.61	12/14/2018	\$ 3,679.42	\$ 3,679.42
Twelve months ended December 31, 2019	\$ 7,356.06	\$ 13,849.81	6/26/2019	\$ 3,358.79	2/7/2019	\$ 7,145.00	\$ 7,145.00
Twelve months ended December 31, 2020	\$ 11,103.80	\$ 29,185.05	12/31/2020	\$ 4,950.39	3/16/2020	\$ 29,185.05	\$ 29,185.05
February 1, 2018 to December 31, 2020	\$ 8,538.96	\$ 29,185.05	12/31/2020	\$ 3,164.61	12/14/2018	\$ 29,185.05	\$ 29,185.05

Ethereum

The Digital Asset Reference Rate for Ethereum is an Index Price for Ethereum. The following table illustrates the movements in the Index Price for Ethereum from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the Index Price has ranged from \$84.31 to \$1,058.37, with the straight average being \$299.95 through December 31, 2020. The Manager has not observed a material difference between the Index Price and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 424.63	\$ 1,058.37	2/1/2018	\$ 84.31	12/14/2018	\$ 135.07	\$ 135.07
Twelve months ended December 31, 2019	\$ 179.99	\$ 337.35	6/26/2019	\$ 102.74	2/6/2019	\$ 130.35	\$ 130.35
Twelve months ended December 31, 2020	\$ 305.79	\$ 740.77	12/31/2020	\$ 114.54	3/16/2020	\$ 740.77	\$ 740.77
February 1, 2018 to December 31, 2020	\$ 299.95	\$ 1,058.37	2/1/2018	\$ 84.31	12/14/2018	\$ 740.77	\$ 740.77

The following table illustrates the movements in the price of Ethereum, as reported on the Fund's principal market for Ethereum, from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the price of Ethereum has ranged from \$82.34 to \$1,013.98, with the straight average being \$300.25:

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 423.65	\$ 1,013.98	2/1/2018	\$ 82.34	12/14/2018	\$ 130.90	\$ 130.90
Twelve months ended December 31, 2019	\$ 180.54	\$ 350.76	6/26/2019	\$ 102.88	2/6/2019	\$ 127.86	\$ 127.86
Twelve months ended December 31, 2020	\$ 307.02	\$ 751.88	12/31/2020	\$ 110.29	3/16/2020	\$ 744.99	\$ 744.99
February 1, 2018 to December 31, 2020	\$ 300.25	\$ 1,013.98	2/1/2018	\$ 82.34	12/14/2018	\$ 744.99	\$ 744.99

XRP

The Digital Asset Reference Rate for XRP is an Index Price for XRP. The following table illustrates the movements in the Index Price for XRP from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the Index Price for XRP has ranged from \$0.14 to \$1.12, with the straight average being \$0.37 through December 31, 2020. The Manager has not observed a material difference between the Index Price and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 0.55	\$1.12	2/15/2018	\$0.26	9/12/2018	\$0.36	\$ 0.36
Twelve months ended December 31, 2019	\$ 0.31	\$0.48	6/26/2019	\$0.19	12/18/2019	\$0.19	\$ 0.19
Twelve months ended December 31, 2020	\$ 0.26	\$0.67	11/25/2020	\$0.14	3/16/2020	\$0.22	\$ 0.22
February 1, 2018 to December 31, 2020	\$ 0.37	\$1.12	2/15/2018	\$0.14	3/16/2020	\$0.22	\$ 0.22

The following table illustrates the movements in the price of XRP, as reported on the Fund's principal market for XRP, from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the price of XRP has ranged from \$0.14 to \$1.17, with the straight average being \$0.37:

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 0.55	\$1.17	2/17/2018	\$0.26	9/11/2018	\$0.35	\$ 0.35
Twelve months ended December 31, 2019	\$ 0.31	\$0.48	6/29/2019	\$0.18	12/17/2019	\$0.19	\$ 0.19
Twelve months ended December 31, 2020	\$ 0.26	\$0.71	11/24/2020	\$0.14	3/16/2020	\$0.22	\$ 0.22
February 1, 2018 to December 31, 2020	\$ 0.37	\$1.17	2/17/2018	\$0.14	3/16/2020	\$0.22	\$ 0.22

Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. See "Item 15. Financial Statements and Exhibits – Note 11. Subsequent Events" for a description of the portfolio rebalancing.

Bitcoin Cash

The Digital Asset Reference Rate for Bitcoin Cash is an Index Price for Bitcoin Cash. The following table illustrates the movements in the Index Price for Bitcoin Cash from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the Index Price Bitcoin Cash has ranged from \$83.82 to \$1,646.79, with the straight average being \$414.90 through December 31, 2020. The Manager has not observed a material difference between the Index Price and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 744.25	\$ 1,646.79	5/7/2018	\$ 83.82	12/14/2018	\$ 156.50	\$ 156.50
Twelve months ended December 31, 2019	\$ 258.56	\$ 493.90	6/26/2019	\$ 109.36	1/29/2019	\$ 207.45	\$ 207.45
Twelve months ended December 31, 2020	\$ 270.26	\$ 483.25	2/14/2020	\$ 164.44	3/13/2020	\$ 349.11	\$ 349.11
February 1, 2018 to December 31, 2020	\$ 414.90	\$ 1,646.79	5/7/2018	\$ 83.82	12/14/2018	\$ 349.11	\$ 349.11

The following table illustrates the movements in the price of Bitcoin Cash, as reported on the Fund's principal market for Bitcoin Cash, from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the price of Bitcoin Cash has ranged from \$76.78 to \$1,719.00, with the straight average being \$415.96:

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 746.80	\$ 1,719.00	5/6/2018	\$ 76.78	12/15/2018	\$ 149.40	\$ 149.90
Twelve months ended December 31, 2019	\$ 259.88	\$ 505.37	6/26/2019	\$ 109.31	1/28/2019	\$ 202.00	\$ 202.00
Twelve months ended December 31, 2020	\$ 269.71	\$ 493.09	2/14/2020	\$ 168.00	3/16/2020	\$ 341.98	\$ 341.98
February 1, 2018 to December 31, 2020	\$ 415.96	\$ 1,719.00	5/6/2018	\$ 76.78	12/15/2018	\$ 341.98	\$ 341.98

Litecoin

The Digital Asset Reference Rate for Litecoin is an Index Price for Litecoin. The following table illustrates the movements in the Index Price from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the Index Price for Litecoin has ranged from \$22.81 to \$239.52, with the straight average being \$72.63 through December 31, 2020. The Manager has not observed a material difference between the Index Price for Litecoin and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 95.01	\$ 239.52	2/20/2018	\$ 22.81	12/14/2018	\$ 30.69	\$ 30.69
Twelve months ended December 31, 2019	\$ 68.82	\$ 138.93	6/12/2019	\$ 30.64	1/29/2019	\$ 41.77	\$ 41.77
Twelve months ended December 31, 2020	\$ 56.01	\$ 132.00	12/27/2020	\$ 32.75	3/13/2020	\$ 126.00	\$ 126.00
February 1, 2018 to December 31, 2020	\$ 72.63	\$ 239.52	2/20/2018	\$ 22.81	12/14/2018	\$ 126.00	\$ 126.00

The following table illustrates the movements in the price of Litecoin, as reported on the Fund's principal market for Litecoin, from the beginning of the Fund's operations on February 1, 2018 to December 31, 2020. Since the beginning of the Fund's operations, the price of Litecoin has ranged from \$22.47 to \$242.51, with the straight average being \$72.88:

Period	Average	High	Date	Low	Date	End of period	Last business day
February 1, 2018 to December 31, 2018	\$ 95.19	\$ 242.51	2/20/2018	\$ 22.47	12/14/2018	\$ 29.86	\$ 29.86
Twelve months ended December 31, 2019	\$ 69.24	\$ 141.89	6/22/2019	\$ 29.93	1/13/2019	\$ 41.01	\$ 41.01
Twelve months ended December 31, 2020	\$ 56.14	\$ 133.64	12/26/2020	\$ 32.27	3/16/2020	\$ 124.49	\$ 124.49
February 1, 2018 to December 31, 2020	\$ 72.88	\$ 242.51	2/20/2018	\$ 22.47	12/14/2018	\$ 124.49	\$ 124.49

Secondary Market Trading

The Fund's Shares have been quoted on OTCQX under the symbol GDLC since November 22, 2019. The Fund's previous trading symbol was "GDLCF" on OTCQX and was changed to "GDLC" on April 14, 2020. The price of the Shares as quoted on OTCQX has varied significantly from the Digital Asset Holdings per Share. From November 22, 2019 to December 31, 2020, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund's Digital Asset Holdings per Share was 297% and the average premium was 72%. Moreover, the closing price of the Shares as, quoted on OTCQX at 4:00 p.m., New York time, on each business day, has only been quoted at a discount on April 1, 2020. As of December 31, 2020, the Fund's shares were quoted on OTCQX at a premium of 17% to the Fund's Digital Asset Holdings per Share.

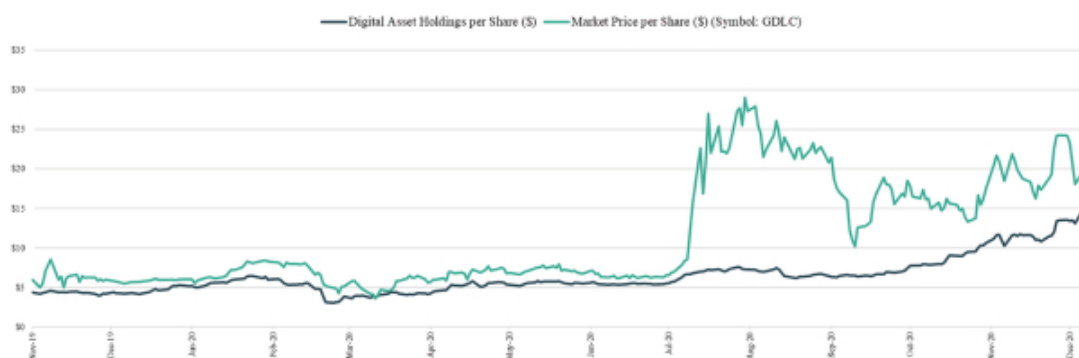
The following table sets out the range of high and low closing prices for the Shares as reported by OTCQX, the Fund's NAV per Share and the Fund's Digital Asset Holdings per Share for each of the quarters since November 22, 2019.

	High			Low		
	OTCQX	NAV per Share(1)	Digital Asset Holdings per Share(2)	OTCQX	NAV per Share(1)	Digital Asset Holdings per Share(2)
2019						
Fourth quarter	8.55	4.67	4.60	5.00	3.90	4.00
2020						
First quarter	8.42	6.57	6.47	4.15	2.99	3.06
Second quarter	7.94	5.84	5.85	3.62	3.72	3.77
Third quarter	29.00	7.72	7.58	6.20	5.32	5.35
Fourth quarter	24.25	16.41	16.22	10.18	6.38	6.38

- (1) The NAV is calculated using the fair value of the Fund Components based on the price provided by the Digital Asset Market that the Fund considers each Fund Component's principal market.
- (2) The Fund's Digital Asset Holdings are derived from the Digital Reference Rate of each Fund Component as of 4:00 p.m., New York time, on the valuation date. See "Key Operating Metrics."

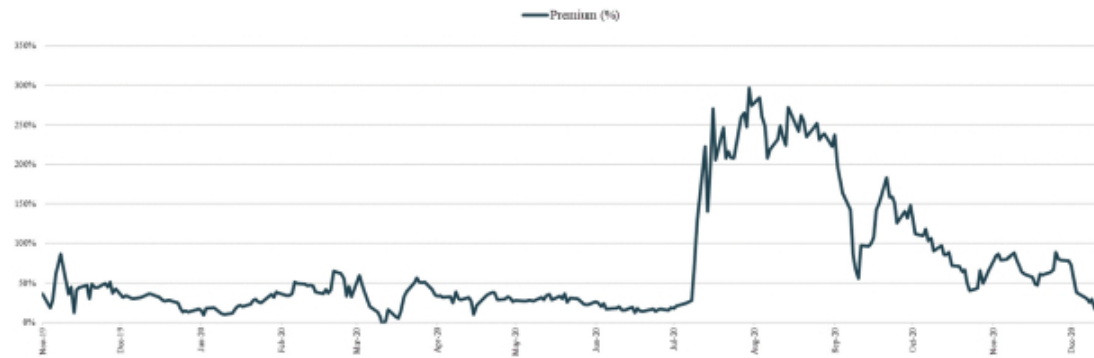
The following chart sets out the historical closing prices for the Shares as reported by OTCQX and the Fund's Digital Asset Holdings per Share.

GDLC Premium: GDLC Share Price vs. Digital Asset Holdings per Share (\$)



The following chart sets out the historical premium and discount for the Shares as reported by OTCQX and the Fund’s Digital Asset Holdings per Share.

GDLC Premium: GDLC Share Price vs. Digital Asset Holdings per Share (%)



ACTIVITIES OF THE FUND

The activities of the Fund are limited to (i) issuing Baskets in exchange for Fund Components and cash transferred to the Fund as consideration in connection with the creations, (ii) transferring or selling Fund Components and Forked Assets as necessary to cover the Manager's Fee and/or any Additional Fund Expenses, (iii) transferring Fund Components and cash in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC and approval from the Manager), (iv) causing the Manager to sell Fund Components and Forked Assets on the termination of the Fund, (v) making distributions of Forked Assets or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the LLC Agreement, the Custodian Agreement, the Index License Agreement and the Participant Agreements.

In addition, the Fund may engage in any lawful activity necessary or desirable in order to facilitate shareholders' access to Forked Assets, provided that such activities do not conflict with the terms of the LLC Agreement. Other than through the quarterly rebalancing described below, the Manager does not intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time.

Fund Objective

The investment objective of the Fund is for the Shares to reflect the value of the Fund Components held by the Fund as determined by reference to the Digital Asset Reference Rates, less the Fund's expenses and other liabilities. The Fund seeks to hold Fund Components that have market capitalizations that collectively constitute at least 70% of the market capitalization of the entire digital asset market (the "Target Coverage Ratio"). The Fund intends to hold a market capitalization-weighted portfolio that is reviewed for rebalancing on a quarterly basis to meet the Target Coverage Ratio (each such period, a "Rebalancing Period"). We refer to the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of a particular Fund Component as such Fund Component's "Weighting."

To date, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of Fund Components, less the Fund's expenses and other liabilities, but have instead traded at a premium over such value, which at times has been substantial. In the event the Shares trade at a substantial premium, investors who purchase Shares on OTCQX will pay substantially more for their Shares than investors who purchase Shares in the private placement. The value of the Shares may not reflect the value of the digital asset, less the Fund's expenses and other liabilities, for a variety of reasons, including the holding period under Rule 144 for Shares purchased in the private placement, the lack of an ongoing redemption program, any halting of creations by the Fund, price volatility of the digital asset, trading volumes on, or closures of, exchanges where digital assets trade due to fraud, failure, security breaches or otherwise, and the non-current trading hours between OTCQX and the global exchange market for trading the Fund Components. As a result, the Shares may continue to trade at a substantial premium over, or a substantial discount to, the value of the top digital assets by market capitalization, less the Fund's expenses and other liabilities, and the Fund may be unable to meet its investment objective for the foreseeable future.

For example, from November 22, 2019 to December 31, 2020, the maximum premium of the closing price of the Shares quoted on OTCQX over the value of the Fund's Digital Asset Holdings per Share was 297% and the average premium was 72%. Moreover, the closing price of the Shares as, quoted on OTCQX at 4:00 p.m., New York time, on each business day, has only been quoted at a discount on April 1, 2020. The discount on that day was 4%. As of December 31, 2020, the Fund's Shares were quoted on OTCQX at a premium of 17% to the Fund's Digital Asset Holdings per Share.

While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the top

digital assets by market capitalization. A substantial direct investment in Fund Components may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the digital assets and may involve the payment of substantial fees to acquire such the digital assets from third-party facilitators through cash payments of U.S. dollars. Because the value of the Shares is correlated with the value of the Fund Components, it is important to understand the investment attributes of, and the market for, the digital assets.

Shares purchased in the private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved in advance by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act, including the requisite holding period thereunder, and any other applicable laws have been met. Any attempt to sell the Shares without the approval of the Manager in its sole discretion will be void ab initio. See “Description of the Shares—Transfer Restrictions” for more information.

Pursuant to Rule 144, once the Fund has been subject to the reporting requirements of Section 13 under the Exchange Act for a period of 90 days, the minimum holding period for Shares purchased in the private placement will be shortened from one year to six months. As a result, Shares purchased in the private placement will be able to have their transfer restriction legends removed sooner. Because the rate at which Shares are qualified for public trading on OTCQX will increase, the number of Shares being sold by investors onto OTCQX may increase as well. Any increase in the number of Shares trading on OTCQX may cause the price of the Shares on OTCQX to decline. In addition, the shortened holding period may increase demand for the Shares in the private placement, which may further increase the number of Shares being sold by investors onto OTCQX after they have been held for the holding period.

At this time, the Fund is not operating a redemption program for Shares and therefore Shares are not redeemable by the Fund. In addition, the Fund may halt creations for extended periods of time for a variety of reasons, including in connection with forks, airdrops and other similar occurrences. As a result of these factors in addition to the holding period under Rule 144, Authorized Participants are not able to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund’s Digital Asset Holdings per Share, which may cause the Shares to trade at a substantial premium over, or substantial discount to, the value of the Fund’s Digital Asset Holdings per Share.

Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program, the Shares will be redeemable in accordance with the provisions of the LLC Agreement and the Participant Agreement. Although the Manager cannot predict with certainty what effect, if any, the operation of a redemption program would have on the trading price of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund Components, less the Fund’s expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQX over such value or cause the Shares to trade at a discount to such value from time to time.

For a discussion of risks relating to the deviation in the trading price of the Shares from the Digital Asset Holdings per Share, see “Risk Factors—Risk Factors Related to the Fund and the Shares— Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund’s ability to halt creations from time to time, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, the Digital

Asset Holdings per Share,” “Risk Factors—Risk Factors Related to Digital Assets— The trading prices of many digital assets, including the Fund Components, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including further declines in the trading prices of digital assets could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value,” “Risk Factors—Risk Factors Related to Digital Asset Markets—The value of the Shares relates directly to the value of the digital assets then held by the Fund, the value of which may be highly volatile and subject to fluctuations due to a number of factors,” “Risk Factors—Risk Factors Related to Digital Asset Markets—Due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets and, consequently, the value of the Shares,” and “Risk Factors—Risk Factors Related to the Fund and the Shares—The Shares may trade at a price that is at, above or below the Fund’s Digital Asset Holdings per Share as a result of the non-current trading hours between OTCQX and the Digital Asset Exchange Market.”

Fund Construction Criteria

A digital asset will generally be eligible for inclusion in the Fund’s portfolio if it satisfies market capitalization, liquidity and coverage criteria as determined by the Manager. Fund Components will be held in the Fund’s portfolio on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization will have a higher representation in the Fund’s portfolio. Market capitalization refers to a digital asset’s market value, as determined by multiplying the number of tokens of such digital asset in circulation by the market price of a token of such digital asset. The market price per token of a Fund Component will be determined by reference to the applicable Digital Asset Reference Rate. The market capitalization of any digital assets not held by the Fund will be determined by reference to CoinMarketCap.com and/or OnChainFX.com. Because the Fund will create Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component will be calculated, and its Weighting will therefore fluctuate, daily in accordance with changes in the market price of such Fund Components. See “Valuation of Digital Assets and Determination of Digital Asset Holdings.”

Removal of Existing Fund Components

The Fund will be rebalanced on a quarterly basis. During each Rebalancing Period, a Fund Component will be removed as a Fund Component if (i) it is has the smallest market capitalization of all Fund Components, taking into account any other removals during the Rebalancing Period, (ii) the sum of (x) its current market capitalization and (y) the combined current market capitalization of Fund Components with a market capitalization greater than such Fund Component, divided by the total market capitalization of all digital assets, is higher than 0.85, and (iii) such removal would not result in the Fund holding less than five Fund Components (the “Removal Criteria”). See “—Rebalancing” below for further detail.

In addition, the Manager may determine to exclude a digital asset from the Fund’s portfolio even if it meets the Inclusion Criteria for a number of reasons, including, but not limited to, because (i) none or few of the Authorized Participants or Service Providers has the ability to trade or otherwise support the digital asset; (ii) the Manager believes that, based on current guidance, use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions; (iii) the underlying code contains, or may contain, significant flaws or vulnerabilities; (iv) there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset; or (v) for any other reason, in each case as determined by the Manager in its sole discretion.

Inclusion of New Fund Components

In order for a new digital asset to qualify for inclusion in the Fund’s portfolio during a Rebalancing Period, such digital asset must have a market capitalization that is at least 1.25 times the current market capitalization,

trailing 90-day median market capitalization and trailing 90-day average market capitalization of any Fund Component at such time. In addition, each new digital asset must meet the following liquidity requirements to be eligible for inclusion: the digital asset must have (x) an average 30-day trade volume of at least 30% of its market capitalization for the last three months, (y) trade on at least one exchange meeting the guidelines of the Reference Rate Provider and (z) have a trading history of at least three months on at least one such exchange (the “Inclusion Criteria” and, together with the Removal Criteria, the “Fund Construction Criteria”).

The Manager does not currently expect to include digital assets in the Fund’s portfolio if they do not meet the Inclusion Criteria, except under extraordinary circumstances. For example, the Manager may include a digital asset in the Fund’s portfolio if the Fund Components no longer collectively meet the Target Coverage Ratio, at which point the Manager would include the next largest digital assets by current market capitalization, trailing 90-day median market capitalization and trailing 90-day average market capitalization in the Fund’s portfolio, so long as such digital asset meets the liquidity requirements of the Inclusion Criteria, until such time as the Fund’s portfolio meets the Target Coverage Ratio. The Manager may also determine that a Forked Asset has a high probability of qualifying for inclusion in the Fund’s portfolio after meeting the trading history requirement of at least three months and may decide to retain the Forked Asset despite the fact that it does not currently meet the Inclusion Criteria. See “—Forked Assets” below for more detail.

In addition, the Manager may determine to exclude a digital asset from the Fund’s portfolio even if it meets the Inclusion Criteria for a number of reasons, including, but not limited to, because (i) none or few of the Authorized Participants or Service Providers has the ability to trade or otherwise support the digital asset; (ii) the Manager believes that, based on current guidance, use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions; (iii) the underlying code contains, or may contain, significant flaws or vulnerabilities; (iv) there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset; or (v) for any other reason, in each case as determined by the Manager in its sole discretion.

Through the Fund Construction Criteria, the Fund seeks to (i) provide large-cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund’s portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market.

The Manager may change the Fund Construction Criteria at any time in its sole discretion. Moreover, the Manager may decide, in its sole discretion, to include or exclude a digital asset if the Manager determines that such digital asset is or is not suitable for inclusion in the Fund’s portfolio, irrespective of such digital asset’s market capitalization or liquidity profile.

At the inception of the Fund, the digital assets included in the Fund’s portfolio as Fund Components were: Bitcoin, Ether, XRP, Bitcoin Cash and Litecoin, and the indices used for determining the Digital Asset Reference Rate for each Fund Component were the CoinDesk XBX, ETX, XRX, BCX and LTX indices, respectively, as provided by the Reference Rate Provider.

As of the date of this Information Statement, the digital assets included in the Fund’s portfolio as Fund Components are: Bitcoin, Ether, Bitcoin Cash, Litecoin and Chainlink, and the indices used for determining the Digital Asset Reference Rate for each Fund Component were the CoinDesk XBX, ETX, BCX, LTX and LNX indices, respectively, as provided by the Reference Rate Provider.

On April 6, 2021, the Manager of the Fund, announced the updated Fund Component weightings for the Fund in connection with its quarterly review. The Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Chainlink (LINK) in accordance with the Fund’s construction criteria.

Forked Assets

From time to time, the Fund may hold positions in Forked Assets as a result of a fork, airdrop or similar event. Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling Forked Assets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in-kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Rebalancing Period, at which point the Manager may take any of the foregoing actions. The Fund may also use Forked Assets to pay the Manager's Fee and Additional Fund Expenses, if any, as discussed below under "—Fund Expenses."

On July 29, 2019, the Manager delivered to the Custodian the Prospective Abandonment Notice stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time, all Forked Assets to which it would otherwise be entitled as of such time, provided that a Prospective Abandonment will not apply to any Forked Assets if (i) the Fund has taken, or is taking at such time, an Affirmative Action to acquire or abandon such Forked Assets at any time prior to such Creation Time or (ii) such Forked Assets has been subject to a previous Prospective Abandonment. An Affirmative Action is a written notification from the Manager to the Custodian of the Fund's intention (i) to acquire and/or retain a Forked Asset or (ii) to abandon any Forked Assets with effect prior to the relevant Creation Time.

In determining whether to take an Affirmative Action to acquire and/or retain a Forked Asset, the Fund takes into consideration a number of factors, including:

- the Custodian's agreement to provide access to the Forked Asset;
- the availability of a safe and practical way to custody the Forked Asset;
- the costs of taking possession and/or maintaining ownership of the Forked Asset and whether such costs exceed the benefits of owning such Forked Asset;
- whether there are any legal restrictions on, or tax implications with respect to, the ownership, sale or disposition of the Forked Asset, regardless of whether there is a safe and practical way to custody and secure such Forked Asset;
- the existence of a suitable market into which the Forked Asset may be sold; and
- whether the Forked Asset is, or may be, a security under federal securities laws.

In determining whether the Forked Asset is, or may be, a security under federal securities laws, the Manager takes into account a number of factors, including the definition of a "security" under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act, *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946) and the case law interpreting it, as well as reports, orders, press releases, public statements and speeches by the SEC providing guidance on when a digital asset is a "security" for purposes of the federal securities laws.

For Forked Assets with respect to which the Manager takes an Affirmative Action to acquire such Forked Asset, the Manager currently expects that it would (a) distribute the Forked Asset in-kind to an agent on behalf of shareholders of record on a specified record date for sale by such agent or (b) monitor the Forked Asset from the date of the relevant fork, airdrop or similar event, or the date on which the Manager becomes aware of such event, leading up to, but not necessarily until, the subsequent Rebalancing Period. In the case of option (a), the shareholders' agent would attempt to sell the Forked Asset, and if the agent is able to do so, remit the cash proceeds, net of expenses and any applicable withholding taxes, to the relevant record date shareholders. There can be no assurance as to the price or prices for any Forked Asset that the agent may realize, and the value of the Forked Asset may increase or decrease after any sale by the agent. See "Description of the Shares—Forked Assets."

In the case of option (b), leading up to the subsequent Rebalancing Period, if the sale of such Forked Asset is economically and technologically feasible, the Manager currently expects to cause the Fund to sell such Forked Asset and use the cash proceeds to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings. If the sale of a Forked Asset is either economically or technologically infeasible at the time of the next Rebalancing Period, the Manager may cause the Fund to abandon or continue holding such Forked Asset until such time as the sale is economically and technologically feasible, as determined by the Manager, in its sole discretion. In addition, the Manager may determine that a Forked Asset has a high probability of qualifying for inclusion in the Fund's portfolio once it has been trading for three months and can thus meet the liquidity requirements of the Fund Construction Criteria. Should the Manager make such determination, the Manager may, in its discretion, cause the Fund to continue to hold the Forked Asset until such time as the Manager determines to sell or abandon the Forked Asset or to include the Forked Asset in the Fund's portfolio as a Fund Component. In the case of abandonment of Forked Assets, the Fund would not receive any direct or indirect consideration for the Forked Assets and thus the value of the Shares will not reflect the value of the Forked Assets.

As a result of the Prospective Abandonment Notice, since July 29, 2019, the Fund has irrevocably abandoned, prior to the Creation Time of any Shares, any Forked Asset that it may have had a right to receive. The Fund has no right to receive any Forked Asset abandoned pursuant to either the Prospective Abandonment Notice or an Affirmative Action. Furthermore, the Custodian has no authority, pursuant to the Custodian Agreement or otherwise, to exercise, obtain or hold, as the case may be, any such abandoned Forked Asset on behalf of the Fund or to transfer any such abandoned Forked Asset to the Fund if the Fund terminates its custodial agreement with the Custodian.

The Manager intends to evaluate each fork, airdrop or similar event on a case-by-case basis in consultation with the Fund's legal advisors, tax consultants and the Custodian, and may, in its sole discretion, determine that a different course of action with respect to such event is in the best interests of the Fund.

Fiat Currencies

The Fund may also hold cash in U.S. dollars from time to time due to sales of digital assets during a Rebalancing Period, sales of Forked Assets following a fork, airdrop or similar event or contributions of cash to the Fund, as described in more detail under "Description of the Fund—Creation and Redemption of Shares." The Manager does not currently expect to hold cash for a period of more than 90 days and intends to use any cash held by the Fund to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings during the next Rebalancing Period. The foregoing notwithstanding, the Manager may, in its sole discretion, decide to cause the Fund to hold cash for longer than 90 days and to use any cash it holds for any other lawful purpose.

Rebalancing

The Manager will rebalance the Fund's portfolio on a quarterly basis beginning on the first business day of January, April, July and October of each year. In order to rebalance the Fund's portfolio, the Manager will (i) determine whether any Fund Components meet the Removal Criteria and should therefore be removed as Fund Components, (ii) determine whether any new digital assets meet the Inclusion Criteria and should therefore be included as Fund Components, (iii) determine whether the Target Coverage Ratio is met and (iv) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer eligible for inclusion in the Fund's portfolio because it meets the Removal Criteria, the Manager will adjust the Fund's portfolio by selling such Fund Component and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Weightings. If a digital asset not then included in the Fund's portfolio is newly eligible for inclusion in the Fund's portfolio because it meets the Inclusion Criteria or because its inclusion is necessary in order for the Fund's portfolio to meet the Target Coverage Ratio, the Manager will adjust the Fund's portfolio by selling tokens of the then-

current Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

There are two factors that drive changes in the market capitalization weighting of a Fund Component: (i) increases and decreases in the market price of a Fund Component, which occur daily as prices fluctuate in the digital asset market, and (ii) increases or decreases in the circulating supply of the Fund Component, which occur gradually over extended periods of time for a number of reasons, including in connection with mining or staking activity. Since the daily fluctuation in the market price of each Fund Component is the predominant driver of its market capitalization weighting, the Weighting of each Fund Component will generally dynamically adjust with the market, even without adjustments to such Fund Component's Weighting to account for gradual changes in supply. Therefore, the Manager generally does not expect to cause the Fund to sell or purchase tokens of any Fund Component during Rebalancing Period other than in the event that (i) a Fund Component is eligible for removal, (ii) a new digital asset is eligible for inclusion, (iii) the Fund's portfolio does not meet the Target Coverage Ratio or (iv) the Fund holds cash either from contributions in connection with the creation of Baskets or as a result of the sale of any Forked Assets. However, should the Manager determine that the Weighting of a Fund Component does not accurately reflect its market capitalization due to, among other reasons, material increases or decreases in the circulating supply of such Fund Component that have not been accounted for over the course of prior Rebalancing Periods, the Manager may cause the Fund to purchase or sell additional tokens of such Fund Component during a Rebalancing Period to adjust such Fund Component's Weighting.

During any Rebalancing Period, the Manager will also (i) decide whether to cause the Fund to sell or hold any Forked Assets then held by the Fund and (ii) generally cause the Fund to use the cash proceeds from the sale of any Forked Assets and any cash contributed to the Fund as the Forked Asset Portion or the Cash Portion to purchase additional tokens of all Fund Components then held by the Fund in proportion to their respective Weightings as determined during such Rebalancing Period.

Other than through the quarterly rebalancing described above, the Manager does not intend to actively manage the Fund portfolio in response to price changes in the Fund Components held by the Fund at any given time.

The Manager expects each Rebalancing Period to last between one and five business days. The Manager will post on its website the new Fund Components and their respective Weightings at the end of each Rebalancing Period based on the assessment described above. During each Rebalancing Period, the Manager will halt creations (and if redemptions are then permitted, redemptions) of Shares. If a Rebalancing Period ends prior to 4:00 p.m., New York time, on a business day, the Manager will cause the Fund to resume creations on such business day and the Fund will create Shares in exchange for contributions of the then-current Fund Components in proportion to their respective Weightings as of the end of such Rebalancing Period, as determined as of 4:00 p.m., New York time, on such business day in the manner set forth under "Description of the Fund—Creation and Redemption of Shares." If a Rebalancing Period ends after 4:00 p.m., New York time, on a business day, the Manager will cause the Fund to resume creations on the following business day.

Hypothetical Rebalancing Example

The following table illustrates the impact of the inclusion of a new digital asset in the Fund's portfolio during a Rebalancing Period. The table makes a number of assumptions, including that: (i) prior to the Rebalancing Period, the Fund held two Fund Components, each with a weight of 50% of the Fund's portfolio, (ii) the tokens for each Fund Component have the same value in U.S. dollars, (iii) the price of each Fund Component remains constant throughout the Rebalancing Period, (iv) one digital asset is added to the Fund's portfolio during the Rebalancing Period and (v) following the Rebalancing Period, each Fund Component has an equal weight in the Fund's portfolio.

	Pre- Rebalancing Period	Post- Rebalancing Period
<i>Fund Component 1</i>		
Hypothetical average price per Fund Component 1 held by the Fund	\$ 10.00	\$ 10.00
Hypothetical average weight of Fund Component 1 in the Fund	50.00%	33.33%
Hypothetical number of units of Fund Component 1 in the Fund	5.00	3.33
Hypothetical contribution of Fund Component 1 to Digital Asset Holdings per Share (before fees)	\$ 50.00	\$ 33.33
Hypothetical units of Fund Component 1 bought (sold) during Rebalancing Period	—	(1.67)
<i>Fund Component 2</i>		
Hypothetical average price per Fund Component 2 held by the Fund	\$ 10.00	\$ 10.00
Hypothetical average weight of Fund Component 2 in the Fund	50.00%	33.33%
Hypothetical number of units of Fund Component 2 in the Fund	5.00	3.33
Hypothetical contribution of Fund Component 2 to Digital Asset Holdings per Share (before fees)	\$ 50.00	\$ 33.33
Hypothetical units of Fund Component 2 bought (sold) during Rebalancing Period	—	(1.67)
<i>Fund Component 3</i>		
Hypothetical average price per Fund Component 3 held by the Fund	—	\$ 10.00
Hypothetical average weight of Fund Component 3 in the Fund	—	33.33%
Hypothetical number of units of Fund Component 3 in the Fund	—	3.33
Hypothetical contribution of Fund Component 3 to Digital Asset Holdings per Share (before fees)	—	\$ 33.33
Hypothetical units of Fund Component 3 bought (sold) during Rebalancing Period	—	3.33
<i>Hypothetical Digital Asset Holdings per Share (before fees)</i>	\$ 100.00	\$ 100.00

Characteristics of the Shares

The Shares are intended to offer investors an opportunity to participate in Digital Asset Markets through an investment in securities. As of December 31, 2020, each Share represented approximately 0.0005 BTC, 0.0027 ETH, 1.0941 XRP, 0.0005 BCH and 0.0015 LTC. Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. As of the end of the day on January 4, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, and 0.0017 LTC. Effective April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund's construction criteria. As of the end of the day on April 2, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, 0.0017 LTC, and 0.0097 LINK. The logistics of accepting, transferring and safekeeping of digital assets are dealt with by the Manager and the Custodian, and the related expenses are built into the price of the Shares. Therefore, shareholders do not have additional tasks or costs over and above those generally associated with investing in any other privately placed security. The Shares have certain other key characteristics, including the following:

- *Easily Accessible and Relatively Cost Efficient.* Investors in the Shares can also directly access the Digital Asset Markets. The Manager believes that investors will be able to more effectively implement strategic and tactical asset allocation strategies that use digital assets by using the Shares instead of directly purchasing and holding digital assets, and for many investors, transaction costs related to the Shares will be lower than those associated with the direct purchase, storage and safekeeping of digital assets.
- *Market-Traded and Transparent.* The Shares are quoted on OTCQX. Shareholders that purchased Shares directly from the Fund and have held them for the requisite holding period under Rule 144 may sell their Shares on OTCQX upon receiving approval from the Manager. Investors may also choose to purchase Shares on OTCQX. Shares purchased on OTCQX are not restricted. The Manager believes the quotation of the Shares on OTCQX provides investors with an efficient means to implement various investment strategies. The Fund will not hold or employ any derivative securities. Furthermore, the value of the Fund's assets will be reported each day on <https://grayscale.co/digital-large-cap/#market-performance>.
- *Minimal Credit Risk.* The Shares represent an interest in actual digital assets owned by the Fund. The Fund's digital assets are not subject to borrowing arrangements with third parties or to counterparty or credit risks. This contrasts with the other financial products such as CoinShares exchange-traded notes, TeraExchange swaps and futures traded on the Chicago Mercantile Exchange ("CME") and the Intercontinental Exchange ("ICE") through which investors gain exposure to digital assets through the use of derivatives that are subject to counterparty and credit risks.
- *Safekeeping System.* The Custodian has been appointed to control and secure the digital assets for the Fund using offline storage, or "cold storage", mechanisms to secure the Fund's private key "shards". The hardware, software, administration and continued technological development that are used by the Custodian may not be available or cost-effective for many investors.

The Fund differentiates itself from competing digital asset financial vehicles, to the extent that such digital asset financial vehicles may develop, in the following ways:

- *Custodian.* The Custodian that holds the private key shards associated with the Fund's digital assets is Coinbase Custody Trust Company, LLC. Other digital asset financial vehicles that use cold storage may not use a custodian to hold their private keys.
- *Cold Storage of Private Keys.* The private key shards associated with the Fund's digital assets are kept in cold storage, which means that the Fund's digital assets are disconnected and/or deleted entirely from the internet. See "Custody of the Fund's Digital Assets" for more information relating to the storage and retrieval of the Fund's private keys to and from cold storage. Other digital asset financial

vehicles may not utilize cold storage or may utilize less effective cold storage-related hardware and security protocols.

- *Location of Private Vaults.* Private key shards associated with the Fund's digital assets are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.
- *Enhanced Security.* Transfers from the Fund's Digital Asset Account require certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Fund's digital assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States. As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Fund to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Fund's digital assets.
- *Custodian Audits.* The Custodian has agreed to allow the Fund and the Manager to take any necessary steps to verify that satisfactory internal control system and procedures are in place, and to visit and inspect the systems on which the Custodian's coins are held.
- *Directly Held Digital Assets.* The Fund directly owns actual digital assets held through the Custodian. The direct ownership of digital assets is not subject to counterparty or credit risks. This may differ from other digital asset financial vehicles that provide digital assets exposure through other means, such as the use of financial or derivative instruments.
- *Manager's Fee.* The Manager's Fee is a competitive factor that may influence the value of the Shares.

Secondary Market Trading

While the Fund's investment objective is for the Shares to reflect the value of the Fund Components held by the Fund as determined by reference to the Digital Asset Reference Rates, less the Fund's expenses and other liabilities, the Shares may trade in the Secondary Market on OTCQX (or on another Secondary Market in the future) at prices that are lower or higher than the Digital Asset Holdings per Share. The amount of the discount or premium in the trading price relative to the Digital Asset Holdings per Share may be influenced by non-concurrent trading hours and liquidity between OTCQX and larger Digital Asset Exchanges. While the Shares are listed and trade on OTCQX from 6:00 a.m. until 5:00 p.m., New York time, liquidity in the Digital Asset Markets may fluctuate depending upon the volume and availability of larger Digital Asset Exchanges. As a result, during periods in which Digital Asset Market liquidity is limited or a major Digital Asset Exchange is off-line, trading spreads, and the resulting premium or discount, on the Shares may widen.

Fund Expenses

The Fund's only ordinary recurring expense is expected to be the Manager's Fee. From inception to January 1, 2021, the Manager's Fee was 3.0%. Effective January 1, 2021, the Manager's Fee was lowered to 2.5%. The Manager's Fee will accrue daily in U.S. dollars at an annual rate of 2.5% of the Fund's Digital Asset Holdings Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the tokens of the Fund Components then held by the Fund in proportion to each Fund Component's Weighting. For any day that is not a business day or in a Rebalancing Period, the Manager's Fee will accrue in U.S. dollars at a rate of 2.5% of the Digital Asset Holdings Fee Basis Amount of the Fund from the most recent business day, reduced by the accrued and unpaid Manager's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund

Component and dividing the resulting product for each Fund Component by the Digital Asset Reference Rate for such Fund Component on such day. We refer to the number of tokens of each Fund Component payable as the Manager's Fee for any day as a "Fund Component Fee Amount." For any day that is not a business day or during a Rebalancing Period for which the Digital Asset Holdings Fee Basis Amount is not calculated, the amount of each Fund Component payable in respect of such day's U.S. dollar accrual of the Manager's Fee will be determined by reference to the Fund Component Fee Amount from the most recent business day. Payments of the Manager's Fee will be made monthly in arrears.

To pay the Manager's Fee, the Manager will instruct the Custodian to (i) withdraw from the relevant Digital Asset Account the number of tokens for each Fund Component then held by the Fund equal to the Fund Component Fee Amount for such Fund Component and (ii) transfer such tokens of all Fund Components to accounts maintained by the Manager at such times as determined by the Manager in its absolute discretion. If the Fund holds any Forked Assets or cash, the Fund may also pay all or a portion of the Manager's Fee in Forked Assets and/or cash in lieu of paying the Manager's Fee in Fund Components, in which case, the Fund Component Fee Amounts in respect of such payment will be correspondingly and proportionally reduced.

After the payment of the Manager's Fee to the Manager, the Manager may elect to convert any digital assets it receives into U.S. dollars. The rate at which the Manager converts such digital assets into U.S. dollars may differ from the rate at which the Manager's Fee was initially determined. The Fund will not be responsible for any fees and expenses incurred by the Manager to convert digital assets received in payment of the Manager's Fee into U.S. dollars. The Manager, from time to time, may temporarily waive all or a portion of the Manager's Fee at its discretion. Presently, the Manager does not intend to waive any of the Manager's Fee.

As partial consideration for its receipt of the Manager's Fee, the Manager has assumed the obligation to pay the Manager-paid Expenses. The Manager has not assumed the obligation to pay Additional Fund Expenses. If Additional Fund Expenses are incurred, the Manager will (i) withdraw Fund Components from the Digital Asset Accounts in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund to convert such Fund Components into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses. If the Fund holds cash and/or Forked Assets, the Fund may also pay all or a portion of the Additional Fund Expenses in cash or Forked Assets instead of Fund Components, in which case, the amount of Fund Components that would otherwise have been used to satisfy such Additional Fund Expenses will be correspondingly and proportionally reduced.

The fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will decline each time the Fund pays the Manager's Fee or any Additional Fund Expenses by transferring or selling Fund Components, Forked Assets and/or cash.

Impact of Fund Expenses on the Fund's Digital Asset Holdings

The Fund will pay the Manager's Fee to the Manager in Fund Components held by the Fund, in cash or in Forked Assets. In addition, the Fund will sell Fund Components to raise the funds needed for the payment of any Additional Fund Expenses or will pay Additional Fund Expenses in Fund Components held by the Fund, cash or Forked Assets. Fund Components, as well as the value of any cash or Forked Assets held by the Fund, will be the Fund's sole source of funds to cover the Manager's Fee and any Additional Fund Expenses. The Fund will not engage in any activity designed to derive a profit from changes in the price of Fund Components or any Forked Assets. Because the number of Fund Components, or the amount of Forked Assets and/or cash, held by the Fund will decrease when Fund Components are used to pay the Manager's Fee or any Additional Fund Expenses, it is expected that the fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will gradually decrease over the life of the Fund. Accordingly, the shareholders will bear the cost of the Manager's Fee and Additional Fund Expenses. New digital assets that are transferred into the Digital Asset Accounts in exchange for new Baskets issued by the Fund will not reverse this trend.

Hypothetical Expense Example

The following tables illustrate the anticipated impact of the payment of the Fund's expenses on the number of Fund Components represented by each outstanding Share for three years, on a per Fund Component and aggregate basis, assuming that the Fund does not make any payments using any cash or Forked Assets. Each table assumes that the only transfers of Fund Components will be those needed to pay the Manager's Fee and that the price of each Fund Component and the number of Shares remain constant during the three-year period covered. The tables do not show the impact of any Additional Fund Expenses. Any Additional Fund Expenses, if and when incurred, will accelerate the decrease in the fractional number of Fund Components represented by each Share. In addition, the tables do not show the effect of any waivers of the Manager's Fee that may be in effect from time to time.

	Year		
	1	2	3
Digital Asset 1			
Hypothetical average price per Fund Component 1 held by the Fund	\$10.00	\$10.00	\$10.00
Hypothetical average weight of Fund Component 1 in the Fund	50.00%	50.00%	50.00%
Contribution of Fund Component 1 to Digital Asset Holdings per Share (before fees)	\$ 5.00	\$ 4.85	\$ 4.70
Manager's Fee ¹	3.00%	3.00%	3.00%
Manager's Fee Paid from Fund Component 1 on a per Share Basis	\$ 0.15	\$ 0.15	\$ 0.14
Contribution of Fund Component 1 to Digital Asset Holdings per Share (after fees)	\$ 4.85	\$ 4.70	\$ 4.56

Digital Asset 2			
Hypothetical average price per Fund Component 2 held by the Fund	\$10.00	\$10.00	\$10.00
Hypothetical average weight of Fund Component 2 in the Fund	50.00%	50.00%	50.00%
Contribution of Fund Component 2 to Digital Asset Holdings per Share (before fees)	\$ 5.00	\$ 4.85	\$ 4.70
Manager's Fee ¹	3.00%	3.00%	3.00%
Manager's Fee Paid from Fund Component 2 on a per Share Basis	\$ 0.15	\$ 0.15	\$ 0.14
Contribution of Fund Component 2 to Digital Asset Holdings per Share (after fees)	\$ 4.85	\$ 4.70	\$ 4.56

	Year		
	1	2	3
Impact on Digital Asset Holdings			
Hypothetical Digital Asset Holdings per Share for Fund (before fees)	\$ 10.00	\$ 10.00	\$ 10.00
Manager's Fee ¹	3.00%	3.00%	3.00%
Shares of Fund, beginning	100,000.00	100,000.00	100,000.00
Hypothetical value of Fund Components in Fund	\$1,000,000.00	\$970,000.00	\$940,900.00
Beginning Digital Asset Holdings of the Fund	\$1,000,000.00	\$970,000.00	\$940,900.00
Value of Fund Components to be delivered to cover the Manager's Fee ¹	\$ 30,000.00	\$ 29,100.00	\$ 28,227.00
Ending Digital Asset Holdings of the Fund	\$ 970,000.00	\$940,900.00	\$912,673.00
Ending Digital Asset Holdings per Share	\$ 9.70	\$ 9.41	\$ 9.13

1. From inception to January 1, 2021, the Manager's Fee was 3.0%. Effective January 1, 2021, the Manager's Fee was lowered to 2.5%.

DESCRIPTION OF THE FUND

The Fund was constituted on January 25, 2018 as a Cayman Islands limited liability company under the LLC Law. A Cayman Islands limited liability company is constituted by the filing with the Registrar of Limited Liability Companies a registration statement signed by or on behalf of any person forming the limited liability company and the payment of a registration fee.

From the date of registration, a limited liability company such as the Fund is considered a body corporate (with legal personality separate from that of its members from time to time) having the name contained in the certificate of registration, capable of exercising all the functions of a natural person of full capacity irrespective of any questions of corporate benefit and, without limitation, having perpetual succession, the capacity to sue and to be sued, defend legal proceedings in its name, and with power to acquire, hold and dispose of property and to incur liabilities and obligations but with such liability on the part of the members to contribute to the assets of the limited liability company in the event of its being wound up as provided pursuant to the LLC Law.

The Fund operates pursuant to the LLC Agreement. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Fund, with such relative rights and terms as set out in the LLC Agreement. In general, the Fund holds Fund Components, Forked Assets and cash in U.S. dollars and is expected from time to time to issue Baskets in exchange for contributions of Fund Components and cash and, subject to the Fund's obtaining regulatory approval from the SEC to operate an ongoing redemption program and registering with the Cayman Islands Monetary Authority (to the extent required) and the consent of the Manager, to distribute Fund Components and cash in connection with redemptions of Baskets.

The Fund is not registered as an investment company under the Investment Company Act and the Manager believes that the Fund is not required to register under the Investment Company Act. The Fund will not hold or trade in commodity futures contracts or other derivative contracts regulated by the CEA, as administered by the CFTC. The Manager believes that the Fund is not a commodity pool for purposes of the CEA, and that the Manager is not subject to regulation as a commodity pool operator or a commodity trading advisor in connection with the operation of the Fund.

The Fund creates Shares from time to time but only in Baskets. A Basket equals a block of 100 Shares. The number of outstanding Shares is expected to increase from time to time as a result of the creation of Baskets. The creation of a Basket will require the delivery to the Fund or of the Basket Amount, which is the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, the Forked Asset Portion, if any, and the Cash Portion. See "—Creation and Redemption of Shares" for more information on the calculation of the Basket Amount.

Although the redemption of Shares is provided for in the LLC Agreement, the redemption of Shares is not currently permitted and the Fund does not currently operate a redemption program. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program for the Fund, the Shares will be redeemable in accordance with the provisions of the LLC Agreement and the Participant Agreement. Although the Manager cannot predict with certainty what effect, if any, the operation of a redemption program would have on the trading price of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Fund Components, less the Fund's expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQX over such value or cause the Shares to trade at a discount to such value from time to time.

Initially, each Share represented approximately 0.0005 BTC, 0.0030 ETH, 1.1941 XRP, 0.0005 BCH and 0.0017 LTC. As of December 31, 2020, each Share represents approximately 0.0005 BTC, 0.0027 ETH, 1.0941 XRP, 0.0005 BCH and 0.0015 LTC. Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. As of the end of the day on January 4, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, and 0.0017 LTC. Effective April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund's construction criteria. As of the end of the day on April 2, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, 0.0017 LTC, and 0.0097 LINK. The number of Fund Components required to create or, if permitted, to redeem a Basket is expected to gradually decrease over time due to the transfer or sale of the Fund's Fund Components to pay the Manager's Fee and any Additional Fund Expenses. The Shares are restricted shares and Authorized Participants may sell the Shares they purchase from the Fund to other investors only in transactions exempt from registration under the Securities Act. For a discussion of risks relating to the unavailability of a redemption program, see "Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, the Digital Asset Holdings per Share." The Manager will determine the Fund's Digital Asset Holdings on each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable. The Manager will also determine the Digital Asset Holdings per Share, which equals the Digital Asset Holdings of the Fund divided by the number of outstanding Shares. Each business day, the Manager will publish the Fund's Digital Asset Holdings and Digital Asset Holdings per Share on the Fund's website, <https://grayscale.co/digital-large-cap/>, as soon as practicable after the Fund's Digital Asset Holdings and Digital Asset Holdings per Share have been determined by the Manager. See "Valuation of Digital Assets and Determination of Digital Asset Holdings."

Pricing information is available on a 24-hour basis from various financial information service providers or digital asset information sites such as Tradeblock.com or CoinCap.io. The spot prices and bid/ask spreads for several digital assets may also generally available directly from Digital Asset Exchanges, such as Bitstamp, Coinbase, Kraken, and LMAX Digital.

The Fund has no fixed termination date.

THE MANAGER

The Fund's Manager is Grayscale Investments, LLC, a Delaware limited liability company formed on May 29, 2013 and a wholly owned subsidiary of Digital Currency Group, Inc. The Manager's principal place of business is 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902 and its telephone number is (212) 668-1427. Under the Delaware Limited Liability Company Act and the governing documents of the Manager, Digital Currency Group, Inc., the sole member of the Manager, is not responsible for the debts, obligations and liabilities of the Manager solely by reason of being the sole member of the Manager.

The Manager is neither an investment advisor registered with the SEC nor a commodity pool operator registered with the CFTC, and will not be acting in either such capacity with respect to the Fund, and the Manager's provision of services to the Fund will not be governed by the Investment Advisers Act or the CEA.

The Manager's Role

The Manager arranged for the creation of the Fund and the quotation of the Shares on OTCQX. As partial consideration for its receipt of the Manager's Fee from the Fund, the Manager is obligated to pay the Manager-paid Expenses. The Manager also paid the costs of the Fund's organization and the initial sale of the Shares.

The Manager is generally responsible for the day-to-day administration of the Fund under the provisions of the LLC Agreement. This includes (i) preparing and providing periodic reports and financial statements on behalf of the Fund to investors, (ii) processing orders to create Baskets and coordinating the processing of such orders with the Custodian and the Transfer Agent, (iii) calculating and publishing the Digital Asset Holdings of the Fund and the Digital Asset Holdings per Share each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable, (iv) selecting and monitoring the Fund's service providers and from time to time engaging additional, successor or replacement service providers, (v) instructing the Custodian to transfer the Fund's digital assets, cash and/or Forked Assets, as needed to pay the Manager's Fee and any Additional Fund Expenses, (vi) upon dissolution of the Fund, distributing the Fund's remaining digital assets (including Fund Components and/or Forked Assets) or the cash proceeds of the sale of digital assets, as well as any of the cash held by the Fund at such time, to the owners of record of the Shares and (vii) establishing the principal market for each Fund Component of the Fund for GAAP purposes. In addition, if there is a fork in the network of any Fund Component held by the Fund, the Manager will use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such network, is generally accepted as the network for such Fund Component and should therefore be considered the appropriate network for such Fund Component for the Fund's purposes.

The Manager does not store, hold, or maintain custody or control of the Fund's digital assets but instead has entered into the Custodian Agreement with the Custodian to facilitate the security of the Fund's digital assets.

Distribution and Marketing Agreement

The Manager has entered into a Distribution and Marketing Agreement with Genesis to assist the Manager in developing an ongoing marketing plan for the Fund; preparing marketing materials regarding the Shares, including the content on the Fund's website, <https://grayscale.co/digital-large-cap/>; executing a marketing plan for the Fund; and providing strategic and tactical research to the Fund on Digital Asset Markets.

Index License Agreement

The Reference Rate Provider and the Manager have entered into an index license agreement (the "Index License Agreement") governing the Manager's use of various indices for calculation of the Digital Asset Reference Rates that are Index Prices. The Reference Rate Provider may adjust the calculation methodology for an index without notice to, or consent of, the Fund or its shareholders. Under the Index License Agreement, the

Manager pays a monthly fee and a fee based on the Digital Asset Holdings of the Fund to the Reference Rate Provider in consideration of its license to the Manager of Digital Asset Reference Rate-related intellectual property.

Management of the Manager

The Fund does not have any directors, officers or employees. Under the LLC Agreement, all management functions of the Fund have been delegated to and are conducted by the Manager, its agents and its affiliates, including without limitation, the Custodian and its agents. As officers of the Manager, Michael Sonnenshein, the principal executive officer of the Manager, and Edward McGee, the principal financial officer of the Manager, may take certain actions and execute certain agreements and certifications for the Fund, in their capacity as the principal officers of the Manager.

The Manager has a board of directors (the “Board”) that is responsible for managing and directing the affairs of the Manager. The Board consists of Barry E. Silbert, Mark Murphy and Mr. Sonnenshein, who also retain the authority granted to them as officers under the limited liability company agreement of the Manager.

The Manager has an audit committee (the “Audit Committee”). The Audit Committee has the responsibility for overseeing the financial reporting process of the Fund, including the risks and controls of that process and such other oversight functions as are typically performed by an audit committee of a public company. The Audit Committee consists of Messrs. Silbert, Sonnenshein and McGee.

The Manager has a code of ethics (the “Code of Ethics”) that applies to its executive officers and agents. The Code of Ethics is available by writing the Manager at 290 Harbor Drive, 4th Floor, Stamford, Connecticut 06902 or calling the Manager at (212) 668-1427. The Manager’s Code of Ethics is intended to be a codification of the business and ethical principles that guide the Manager, and to deter wrongdoing, to promote honest and ethical conduct, to avoid conflicts of interest, and to foster compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to the Code of Ethics.

Barry E. Silbert, Chairman of the Board

Barry E. Silbert, 44, is the founder of the Manager and was Chief Executive Officer of the Manager until January 2021. Mr. Silbert is also the founder and Chief Executive Officer of Digital Currency Group, Inc. (“DCG”), a global enterprise that builds, buys, and invests in blockchain companies all over the world. DCG is the parent company of the Manager, the Authorized Participant, as well as CoinDesk.

A pioneer in Bitcoin investing, Mr. Silbert began buying Bitcoin in 2012 and quickly established himself as one of the earliest and most active investors in the industry.

Mr. Silbert founded DCG in 2015 and today, DCG sits at the epicenter of the blockchain industry, backing more than 150 companies across 30 countries, including Coinbase, Ripple, and Chainalysis. DCG also invests directly in digital currencies and other digital assets.

Prior to leading DCG, Mr. Silbert was the founder and CEO of SecondMarket, a technology company that was acquired by Nasdaq. Mr. Silbert has received numerous accolades for his leadership including Entrepreneur of the Year by both EY and Crain’s, and being selected to Fortune’s “40 under 40” list.

Before becoming an entrepreneur, Mr. Silbert worked as an investment banker. He graduated with honors from the Goizueta Business School of Emory University.

Mark Murphy, Board Member

Mark Murphy, 45, is the Chief Operating Officer of DCG. In that role, he works closely with DCG's subsidiaries on strategy, execution, marketing, and all management matters. Mr. Murphy leads DCG's legal, communications, marketing, brand, and public policy efforts, and supports Mr. Silbert on day-to-day management of DCG. He also advises DCG portfolio companies on public relations, brand, and marketing efforts. Prior to serving as COO of DCG, Mr. Murphy served as Head of Public Affairs. Mr. Murphy is also President of the Board of Directors of Blockchain Association, the industry's leading trade association.

Prior to joining DCG, Mr. Murphy led communications teams at Bloomberg, First Data, and SecondMarket. Mr. Murphy worked as a commercial litigation attorney earlier in his career. He is a graduate of Miami University (B.A.) and St. John's University School of Law (J.D.).

Michael Sonnenshein, Board Member and Chief Executive Officer

Michael Sonnenshein, 34, is CEO of the Manager, having served as Managing Director of the Manager since 2018. In this role, Mr. Sonnenshein oversees the strategic direction and growth of the business and its \$20.2 billion in assets under management. Mr. Sonnenshein is also responsible for maintaining many of the firm's key relationships with clients, industry stakeholders, and regulators as well as managing the development of the Manager's single-asset and diversified digital currency products. From 2015 to 2017, Mr. Sonnenshein was Director of Sales & Business Development for the Manager, and prior to that served as an Account Executive from 2014 to 2015. Prior to joining the Manager, Mr. Sonnenshein was a financial advisor at JP Morgan Securities, covering HNW individuals and institutions, and an analyst at Barclays Wealth, providing coverage to middle-market hedge funds and institutions. Mr. Sonnenshein earned his Bachelor of Business Administration from the Goizueta Business School at Emory University and his Master of Business Administration from the Leonard N. Stern School of Business at New York University. Mr. Sonnenshein was honored in 2018 as one of Business Insider's Rising Stars of Wall Street and serves as a member of the CME Group Bitcoin Futures Council and NYU Blockchain Association.

Edward McGee, Vice President, Finance and Controller

Edward McGee, 37, is the Vice President, Finance of the Manager and has served as Controller of the Manager since June 2019. Prior to taking on his role at the Manager, Mr. McGee served as a Vice President, Accounting Policy at Goldman, Sachs & Co. providing coverage to their SEC Financial Reporting team facilitating the preparation and review of their financial statements and provided U.S. GAAP interpretation, application and policy development while servicing their Special Situations Group, Merchant Banking Division and Urban Investments Group from 2014 to 2019. From 2011 to 2014, Mr. McGee was an auditor at Ernst & Young providing assurance services to publicly listed companies. Mr. McGee earned his Bachelor of Science degree in accounting from the John H. Sykes College of Business at the University of Tampa and graduated with honors while earning his Master of Accountancy in Financial Accounting from the Rutgers Business School at the State University of New Jersey. Mr. McGee is a certified public accountant licensed in the state of New York.

THE TRANSFER AGENT

Continental Stock Transfer & Trust Company, a Delaware corporation, serves as the Transfer Agent of the Fund pursuant to the terms and provisions of the Transfer Agency and Service Agreement. The Transfer Agent has its principal office at 1 State Street, 30th Floor, New York, New York 10004. A copy of the Transfer Agency and Service Agreement is available for inspection at the Manager's principal office identified herein.

The Transfer Agent's Role

The Transfer Agent holds the Shares primarily in book-entry form. The Manager directs the Transfer Agent to credit the number of Creation Baskets to the investor on behalf of which an Authorized Participant submitted a

creation order. The Transfer Agent will issue Creation Baskets. The Transfer Agent will also assist with the preparation of shareholders' account and tax statements.

The Manager will indemnify and hold harmless the Transfer Agent, and the Transfer Agent will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

Fees paid to the Transfer Agent are a Manager-paid Expense.

AUTHORIZED PARTICIPANTS

An Authorized Participant must enter into a "Participant Agreement" with the Manager and the Fund to govern its placement of orders to create (and, should the Fund commence a redemption program, redeem) Baskets. The Participant Agreement sets forth the procedures for the creation and redemption of Baskets and for the delivery of digital assets required for creations and redemptions. A copy of the form of Participant Agreement is available for inspection at the Manager's principal office identified herein.

Each Authorized Participant must (i) be a registered broker-dealer, (ii) enter into a Participant Agreement with the Manager and (iii) own a digital asset wallet address that is known to the Custodian as belonging to the Authorized Participant. A list of the current Authorized Participants can be obtained from the Manager. As of the date of this Information Statement, Genesis is the only acting Authorized Participant. The Manager intends to engage additional Authorized Participants who are unaffiliated with the Fund in the future.

No Authorized Participant has any obligation or responsibility to the Manager or the Fund to effect any sale or resale of Shares.

THE CUSTODIAN

Coinbase Custody Trust Company, LLC is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940, as amended. The Custodian is authorized to serve as the Fund's custodian under the LLC Agreement and pursuant to the terms and provisions of the Custodian Agreement. The Custodian has its principal office at 200 Park Avenue South, Suite 1208, New York, NY 10003. A copy of the Custodian Agreement is available for inspection at the Manager's principal office identified herein.

The Custodian's Role

Under the Custodian Agreement, the Custodian controls and secures the Fund's "Digital Asset Account," a segregated custody account to store private keys, which allow for the transfer of ownership or control of the Fund Components, on the Fund's behalf. The Custodian's services (i) allow Fund Components to be deposited from a public blockchain address to the Fund's Digital Asset Account and (ii) allow the Fund or Manager to withdraw Fund Components from the Fund's Digital Asset Account to a public blockchain address the Fund or Manager controls (the "Custodial Services"). The Digital Asset Account uses offline storage, or "cold" storage, mechanisms to secure the Fund's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet.

The Custodian will withdraw from the Fund's Digital Asset Account the number of Fund Components necessary to pay the Fund's expenses.

Fees paid to the Custodian are a Manager-paid Expense.

Under the Custodian Agreement, each of the Custodian and the Fund has agreed to indemnify and hold harmless the other party from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to the Custodian's or the Fund's, as the case may be, breach of the Custodian Agreement, inaccuracy in any of the Custodian's or the Fund's, as the case may be, representations or warranties in the Custodian Agreement, or the Fund's violation, or the Custodian's knowing violation, of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of the other such party.

The Custodian and its affiliates may from time to time purchase or sell Fund Components for their own accounts and as agent for their customers or Shares for their own accounts. The foregoing notwithstanding, Fund Components in the Digital Asset Account are not treated as general assets of the Custodian and cannot be commingled with any other digital assets held by the Custodian. The Custodian serves as a fiduciary and custodian on the Fund's behalf, and the Fund Components in the Digital Asset Account are considered fiduciary assets that remain the Fund's property at all times.

Once each calendar year, the Manager or the Fund may request that the Custodian deliver a certificate signed by a duly authorized officer to certify that the Custodian has complied and is currently in compliance with the Custodian Agreement and that all representations and warranties made by the Custodian in the Custodian Agreement are true and correct on and as of the date of such certificate, and have been true and correct throughout the preceding year. In addition, the Custodian has agreed to allow the Fund and the Manager to take any necessary steps to verify that satisfactory internal control system and procedures are in place, and to visit and inspect the systems on which the Custodian's coins are held.

If the Custodian resigns in its capacity as custodian, the Manager may appoint an additional or replacement custodian and enter into a custodian agreement on behalf of the Fund with such custodian. Furthermore, the Manager and the Fund may use Fund Components custody services or similar services provided by entities other than Coinbase Custody Trust Company, LLC at any time without prior notice to Coinbase Custody Trust Company, LLC.

THE DISTRIBUTOR AND MARKETER

Genesis Global Trading, Inc., a Delaware corporation, is the distributor and marketer of the Shares. Genesis is a registered broker-dealer with the SEC and is a member of FINRA.

In its capacity as distributor and marketer, Genesis assists the Manager in developing an ongoing marketing plan for the Fund; preparing marketing materials regarding the Shares, including the content on the Fund's website, <https://grayscale.co/digital-large-cap>; executing the marketing plan for the Fund; and providing strategic and tactical research to the Fund on the Digital Asset Markets. Genesis and the Manager are affiliates of one another.

The Manager has entered into a Distribution and Marketing Agreement with Genesis.

The Manager may engage additional or successor distributors and marketers in the future.

CONFLICTS OF INTEREST

General

The Manager has not established formal procedures to resolve all potential conflicts of interest. Consequently, shareholders may be dependent on the good faith of the respective parties subject to such conflicts to resolve them equitably. Although the Manager attempts to monitor these conflicts, it is extremely difficult, if not impossible, for the Manager to ensure that these conflicts do not, in fact, result in adverse consequences to the Fund.

The Manager presently intends to assert that shareholders have, by subscribing for Shares, consented to the following conflicts of interest in the event of any proceeding alleging that such conflicts violated any duty owed by the Manager to investors.

Digital Currency Group, Inc.

Digital Currency Group, Inc. is (i) the sole member and parent company of the Manager and Genesis, the only acting Authorized Participant as of the date of this Information Statement, (ii) the indirect parent company of the Reference Rate Provider, (iii) a minority interest holder in Coinbase, which operates Coinbase Pro, one of the Digital Asset Exchanges included in the Digital Asset Reference Rate for certain of the digital assets held by the Fund, and which is also the parent company of the Custodian, representing less than 1.0% of its equity, and (iv) a minority interest holder in Kraken, one of the Digital Asset Exchanges included in the Digital Asset Reference Rate for certain of the digital assets held by the Fund, representing less than 1.0% of its equity.

Digital Currency Group, Inc. has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including digital assets that may be held by the Fund, companies that act as stewards of digital assets that may be held by the Fund, such as Ripple, and exchanges and custodians. Digital Currency Group, Inc.'s positions on changes that should be adopted in various Digital Asset Networks could be adverse to positions that would benefit the Fund or its shareholders. Additionally, before or after a hard fork on the network of a digital asset held by the Fund, Digital Currency Group, Inc.'s position regarding which fork among a group of incompatible forks of such network should be considered the "true" network could be adverse to positions that would most benefit the Fund.

The Manager

The Manager has a conflict of interest in allocating its own limited resources among, when applicable, different clients and potential future business ventures, to each of which it owes fiduciary duties. Additionally, the professional staff of the Manager also services other affiliates of the Manager, including other digital asset investment vehicles, and their respective clients. Although the Manager and its professional staff cannot and will not devote all of its or their respective time or resources to the management of the affairs of the Fund, the Manager intends to devote, and to cause its professional staff to devote, sufficient time and resources to manage properly the affairs of the Fund consistent with its or their respective fiduciary duties to the Fund and others.

The Manager and Genesis are affiliates of each other, and the Manager may engage other affiliated service providers in the future. Because of the Manager's affiliated status, it may be disincentivized from replacing affiliated service providers. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Fund. Clients of the affiliated service providers may pay commissions at negotiated rates which are greater or less than the rate paid by the Fund.

The Manager and any affiliated service provider may, from time to time, have conflicting demands in respect of their obligations to the Fund and, in the future, to other clients. It is possible that future business ventures of the Manager and affiliated service providers may generate larger fees, resulting in increased payments to employees, and therefore, incentivizing the Manager and/or the affiliated service providers to allocate it/their limited resources accordingly to the potential detriment of the Fund.

There is an absence of arm's length negotiation with respect to some of the terms of the Fund, and, where applicable, there has been no independent due diligence conducted with respect to the Fund. The Manager will, however, not retain any affiliated service providers for the Fund which the Manager has reason to believe would knowingly or deliberately favor any other client over the Fund.

The Authorized Participant

As of the date of this Information Statement, the only Authorized Participant is Genesis, an affiliate of the Fund and the Manager. As a result of this affiliation, the Manager has an incentive to resolve questions between Genesis, on the one hand, and the Fund and shareholders, on the other hand, in favor of Genesis (including, but not limited to, questions as to the calculation of the Basket Amount).

In addition, Genesis may engage in digital asset trading with the Fund's affiliated entities. For example, when the Manager receives the Manager's Fee in digital assets, it sells the digital assets through Genesis. For this service, Genesis charges the Manager a transaction fee, which is not borne by the Fund. Additionally, the Manager's parent company, Digital Currency Group, Inc., is the sole shareholder and parent company of Genesis, in addition to a customer of Genesis and may buy or sell digital assets through Genesis from time to time, independent of the Fund. Lastly, several employees of the Manager and Digital Currency Group, Inc. are FINRA-registered representatives who maintain their licenses through Genesis.

Proprietary Trading/Other Clients

Because the officers of the Manager may trade digital assets for their own personal trading accounts (subject to certain internal trading policies and procedures) at the same time as they are managing the account of the Fund, the activities of the officers of the Manager, subject to their fiduciary duties, may, from time-to-time, result in their taking positions in their personal trading accounts which are opposite of the positions taken for the Fund. Records of the Manager's officers' personal trading accounts will not be available for inspection by shareholders.

The Reference Rate Provider

Digital Currency Group, Inc. is the indirect parent company of the Reference Rate Provider. As a result, the Reference Rate Provider is an affiliate of the Manager and the Fund and has an incentive to resolve questions regarding, or changes to, the manner in which the Reference Rate is constructed and in which the Reference Rate is calculated in a way that favors the Manager and the Fund.

In addition, Genesis, the only Authorized Participant as of the date hereof, licenses and uses a trading software platform provided by the Reference Rate Provider to operate its Bitcoin trading desk and to facilitate Genesis's actions as an Authorized Participant. Although the Reference Rate Provider does not currently utilize data from over-the-counter markets or derivative platforms, per the terms of the license, the Reference Rate Provider is entitled to use the over-the-counter trading data from Genesis in the Reference Rate.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of the Shares for:

- each person that, to the Manager's knowledge based solely on the records of the Transfer Agent, owns beneficially a significant portion of the Shares;
- each director and executive officer of the Manager individually; and
- all directors and executive officers of the Manager as a group.

The number of Shares beneficially owned and percentages of beneficial ownership set forth below are based on the number of Shares outstanding as of May 7, 2021, and do not take into account ownership of the Shares held through Cede & Co., a nominee of DTC, for which there is no publicly available information.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Beneficial Ownership
Significant Shareholders:		
Digital Currency Group, Inc.(1)(2)	1,499,316	9.47%
Directors and Executive Officers of the Manager:(3)		
Barry E. Silbert(4)	*	*
Mark Murphy	*	*
Michael Sonnenshein	*	*
Edward McGee	*	*
Directors and executive officers of the Manager as a group	*	*

- (1) Includes 144,712 Shares held by Digital Currency Group, Inc., 1,349,496 Shares held by DCG International Investments Ltd., a wholly owned subsidiary of Digital Currency Group, Inc.; and 5,108 Shares held by Genesis Global Trading Inc., the Authorized Participant and a wholly owned subsidiary of Digital Currency Group, Inc.
- (2) Barry E. Silbert is the Chief Executive Officer of Digital Currency Group, Inc. and in such capacity has voting and dispositive power over the securities held by such entity.
- (3) The Fund does not have any directors, officers or employees. Under the LLC Agreement, all management functions of the Fund have been delegated to and are conducted by the Manager, its agents and its affiliates.
- (4) Does not include Shares beneficially owned through Digital Currency Group, Inc.
- * Represents beneficial ownership of less than 1%.

Unless otherwise indicated, the address for each Shareholder listed in the table above is c/o Grayscale Investments, LLC, 290 Harbor Drive, 4th Floor Stamford, Connecticut 06902.

DESCRIPTION OF THE SHARES

General

The Fund is authorized under the LLC Agreement to create and issue an unlimited number of Shares. Shares will be issued only in Baskets (a Basket equals a block of 100 Shares) in connection with creations. The Shares represent equal, fractional, undivided interest in, the profits, losses, distributions, capital and assets of and ownership of the Fund with such relative rights and terms as set out in the LLC Agreement. The Shares are quoted on OTCQX under the ticker symbol “GDLC.”

Recent Sales of Unregistered Shares

As of December 31, 2020, the Registrant has distributed 15,392,800 Shares at varying prices determined by reference to the Digital Asset Holdings per Share to selected “accredited investors,” within the meaning of Rule 501 of Regulation D under the Securities Act. The Shares were sold in connection with an ongoing offering pursuant to Rule 506(c) of Regulation D under the Securities Act. Genesis acted as the Authorized Participant with respect to these distributions. In exchange for these sales, the Fund received an aggregate of 7,465.80109160 BTC, 43,160.99257637 ETH, 17,294,820.685823 XRP, 7,512.25880398 BCH, and 24,395.22437694 LTC. Effective January 4, 2021, the Fund removed XRP from the Fund’s portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. See “Item 15. Financial Statements and Exhibits—Note 11. Subsequent Events” for a description of the portfolio rebalancing.

Because Shares have been, and continue to be, created and issued on a periodic basis, a “distribution,” as such term is used in the Securities Act, may be occurring from time to time. As a result, Genesis, as Authorized Participant facilitating the creation of Shares and as distributor and marketer, may be deemed an “underwriter” under Section 2(a)(11) of the Securities Act. No underwriting discounts or commissions were paid to Genesis with respect to such sales.

Description of Limited Rights

The Shares do not represent a traditional investment and should not be viewed as similar to “shares” of a corporation operating a business enterprise with management and a board of directors. A shareholder will not have the statutory rights normally associated with the ownership of shares of a corporation. Each Share is transferable, is fully paid and non-assessable and entitles the holder to vote on the limited matters upon which shareholders may vote under the LLC Agreement. For example, shareholders do not have the right to elect managers. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as discussed below, any redemption rights or rights to distributions.

Voting and Approvals

Under the LLC Agreement, shareholders have limited voting rights. For example, in the event that the Manager withdraws, a majority of the shareholders may elect and appoint a successor manager to carry out the affairs of the Fund. In addition, no amendments to the LLC Agreement that materially adversely affect the interests of shareholders may be made without the vote of at least a majority (over 50%) of the Shares (not including any Shares held by the Manager or its affiliates). However, the Manager may make any other amendments to the LLC Agreement in its sole discretion without shareholder consent, provided that the Manager provides 20 days’ notice of any such amendment.

Distributions

Pursuant to the terms of the LLC Agreement, the Fund may make distributions on the Shares in-cash or in-kind, including in such form as is necessary or permissible for the Fund to facilitate its shareholders’ access to any Forked Assets.

In addition, if the Fund is wound up, liquidated and dissolved, the Manager will distribute to the shareholders any amounts of the cash proceeds of the liquidation of the Fund's assets remaining after the satisfaction of all outstanding liabilities of the Fund and the establishment of reserves for applicable taxes, other governmental charges and contingent or future liabilities as the Manager will determine. See "Description of the LLC Agreement—Termination of the Fund." Shareholders of record on the record date fixed by the Transfer Agent for a distribution will be entitled to receive their pro rata portions of any distribution.

Forked Assets; Appointment of Agent

Pursuant to the terms of the LLC Agreement, the Fund may take any lawful action necessary or desirable in connection with its ownership of Forked Assets. These actions may include (i) selling Forked Assets and distributing the cash proceeds to shareholders, (ii) distributing Forked Assets in-kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible, (iii) irrevocably abandoning Forked Assets and (iv) holding Forked Assets until the subsequent Rebalancing Period, at which point the Manager may take any of the foregoing actions.

On July 29, 2019, the Manager delivered to the Custodian the Prospective Abandonment Notice stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time, all Forked Assets to which it would otherwise be entitled as of such time, provided that a Prospective Abandonment will not apply to any Forked Assets if (i) the Fund has taken, or is taking at such time, an Affirmative Action to acquire or abandon such Forked Assets at any time prior to such Creation Time or (ii) such Forked Assets has been subject to a previous Prospective Abandonment. An Affirmative Action is a written notification from the Manager to the Custodian of the Fund's intention (i) to acquire and/or retain a Forked Asset or (ii) to abandon any Forked Assets with effect prior to the relevant Creation Time.

For Forked Assets with respect to which the Manager takes an Affirmative Action to acquire such Forked Asset, the Manager currently expects that it would (a) distribute the Forked Asset in-kind to an agent on behalf of shareholders of record on a specified record date for sale by such agent or (b) monitor the Forked Asset from the date of the relevant fork, airdrop or similar event, or the date on which the Manager becomes aware of such event, leading up to, but not necessarily until, the subsequent Rebalancing Period.

In the case of option (a), the shareholders' agent would attempt to sell the Forked Asset, and if the agent is able to do so, remit the cash proceeds, net of expenses and applicable withholding taxes, to the relevant record date shareholders. The Manager may cause the Fund to appoint Grayscale Investments, LLC (acting other than in its capacity as Manager) or any of its affiliates to act as such agent. Any agent appointed to facilitate a distribution of Forked Assets will receive an in-kind distribution of Forked Assets on behalf of the shareholders of record with respect to such distribution, and following receipt of such distribution, will determine whether and when to sell the distributed Forked Assets on behalf of the record date shareholders. There can be no assurance as to the price or prices for any Forked Asset that the agent may realize, and the value of the Forked Asset may increase or decrease after any sale by the agent.

The Manager expects that any agent so appointed would not receive any compensation in connection with its role as agent, but would be entitled to receive from the record-date shareholders, out of the distributed Forked Assets, an amount of Forked Assets with an aggregate fair market value equal to the amount of administrative and other reasonable expenses incurred by the agent in connection with its activities as agent of the record-date shareholders, including expenses incurred by the agent in connection with any post-distribution sale of such Forked Assets. Should the Manager determine to distribute Forked Assets to an agent on behalf of shareholders to facilitate the distribution of Forked Assets in-kind, the Manager currently expects to cause the Fund to appoint Grayscale Investments, LLC, acting other than in its capacity as Manager, to act in such capacity.

In the case of option (b), leading up to the subsequent Rebalancing Period, if the sale of such Forked Asset is economically and technologically feasible, the Manager currently expects to cause the Fund to sell such

Forked Asset and use the cash proceeds to purchase additional tokens of the Fund Components then held by the Fund in proportion to their respective Weightings. If the sale of a Forked Asset is either economically or technologically infeasible at the time of the next Rebalancing Period, the Manager may cause the Fund to abandon or continue holding such Forked Asset until such time as the sale is economically and technologically feasible, as determined by the Manager, in its sole discretion. In addition, the Manager may determine that a Forked Asset has a high probability of qualifying for inclusion in the Fund's portfolio once it has been trading for three months and can thus meet the liquidity requirements of the Fund Construction Criteria. Should the Manager make such determination, the Manager may, in its discretion, cause the Fund to continue to hold the Forked Asset until such time as the Manager determines to sell or abandon the Forked Asset or to include the Forked Asset in the Fund's portfolio as a Fund Component. In the case of abandonment of Forked Assets, the Fund would not receive any direct or indirect consideration for the Forked Assets and thus the value of the Shares will not reflect the value of the Forked Assets.

Creation of Shares

The Fund creates Shares such times and for such periods as determined by the Manager, but only in one or more whole Baskets. A Basket equals 100 Shares. As of December 31, 2020, each Share represented approximately 0.0005 of one BTC, 0.0027 of one ETH, 1.0941 of one XRP, 0.0005 of one BCH and 0.0015 of one LTC. Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. As of the end of the day on January 4, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, and 0.0017 LTC. Effective April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund's construction criteria. As of the end of the day on April 2, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, 0.0017 LTC, and 0.0097 LINK. See "Description of Creation of Shares." The creation of a Basket requires the delivery to the Fund of the number of Fund Components represented by one Share immediately prior to such creation multiplied by 100. The Fund may from time to time halt creations for a variety of reasons, including in connection forks, airdrops and other similar occurrences.

Redemption of Shares

Redemptions of Shares are currently not permitted and the Fund is unable to redeem Shares. Subject to receipt of regulatory approval from the SEC, approval by the Manager in its sole discretion and registration, to the extent required, with the Cayman Islands Monetary Authority under the laws and regulations of the Cayman Islands after making such modifications to the LLC Agreement as may be necessary to effect such registration, the Fund may in the future operate a redemption program. ***Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program.***

Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Manager approves a redemption program, the Shares will be redeemable only in accordance with the provisions of the LLC Agreement and the relevant Participant Agreement. See "Risk Factors—Risk Factors Related to the Fund and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program, and the Fund's ability to halt creations from time to time, there is no arbitrage mechanism to keep the price of the Shares closely linked to the Digital Asset Reference Rates and the Shares have historically traded at a substantial premium over, the Digital Asset Holdings per Share".

Transfer Restrictions

Shares purchased in the private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved by the Manager. In determining whether to grant approval, the Manager will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Manager in its sole discretion will be void ab initio.

Pursuant to Rule 144, until the Fund has been subject to the reporting requirements of Section 13 under the Exchange Act for a period of 90 days, a minimum one year holding period will apply to all Shares purchased from the Fund. Thereafter, a minimum six-month holding period will apply to all Shares purchased from the Fund. As a result, Shares purchased in the private placement will be able to have their transfer restriction legends removed sooner and the rate at which Shares are qualified for public trading on OTCQX will increase. Because the rate at which Shares are qualified for public trading on OTCQX will increase, the number of Shares being sold by investors onto OTCQX may increase as well. Any increase in the number of Shares trading on OTCQX may cause the price of the Shares on OTCQX to decline. In addition, the shortened holding period may increase demand for the Shares in the private placement, which may further increase the number of Shares being sold by investors onto OTCQX after they have been held for the holding period.

On a bi-weekly basis, the Fund aggregates the Shares that have been held for the requisite holding period under Rule 144 by non-affiliates of the Fund to assess whether the Rule 144 transfer restriction legends may be removed. Any Shares that qualify for the removal of the Rule 144 transfer restriction legends are presented to outside counsel, who may instruct the Transfer Agent to remove the transfer restriction legends from the Shares, allowing the Shares to then be resold without restriction, including on OTCQX U.S. Premier marketplace. The outside counsel requires that certain representations be made, providing that:

- the Shares subject to each sale have been held for the requisite holding period under Rule 144 by the selling shareholder;
- the shareholder is the sole beneficial owner of the Shares and has provided such information as necessary to comply with applicable anti-money laundering laws and regulations;
- the Manager is aware of no circumstances in which the shareholder would be considered an underwriter or engaged in the distribution of securities for the Fund;
- none of the Shares are subject to any agreement granting any pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance;
- none of the identified selling shareholders is an affiliate of the Manager;
- the Manager consents to the transfer of the Shares; and
- outside counsel and the Transfer Agent can rely on the representations.

In addition, because the LLC Agreement prohibits the transfer or sale of Shares without the prior written consent of the Manager, the Manager must provide a written consent that explicitly states that it irrevocably consents to the transfer and resale of the Shares. Once the transfer restriction legends have been removed from a Share and the Manager has provided its written consent to the transfer of that Share, no consent of the Manager is required for future transfers of that particular Share.

Book-Entry Form

Shares are held primarily in book-entry form by the Transfer Agent. The Manager or its delegate will direct the Transfer Agent to credit the number of Creation Baskets to the applicable Authorized Participant. The Transfer Agent will issue Creation Baskets. Transfers will be made in accordance with standard securities industry practice. The Manager may cause the Fund to issue Shares in certificated form in limited circumstances in its sole discretion.

Share Splits

In its discretion, the Manager may direct the Transfer Agent to declare a split or reverse split in the number of Shares outstanding and to make a corresponding change in the number of Shares constituting a Basket. For example, if the Manager believes that the per Share price in the secondary market for Shares has risen or fallen outside a desirable trading price range, it may declare such a split or reverse split.

CUSTODY OF THE FUND'S DIGITAL ASSETS

Digital assets and digital asset transactions are recorded and validated on blockchains, the public transaction ledgers of a digital asset network. Each digital asset blockchain serves as a record of ownership for all of the units of such digital asset, even in the case of certain privacy-preserving digital assets, where the transactions themselves are not publicly viewable. All digital assets recorded on a blockchain are associated with a public blockchain address, also referred to as a digital wallet. Digital assets held at a particular public blockchain address may be accessed and transferred using a corresponding private key.

Key Generation

Public addresses and their corresponding private keys are generated by the Custodian in secret key generation ceremonies at secure locations inside faraday cages, which are enclosures used to block electromagnetic fields and thus mitigate against attacks. The Custodian uses quantum random number generators to generate the public and private key pairs.

Once generated, private keys are encrypted, separated into “shards” and then further encrypted. After the key generation ceremony, all materials used to generate private keys, including computers, are destroyed. All key generation ceremonies are performed offline. No party other than the Custodian has access to the private key shards of the Fund.

Key Storage

Private key shards are distributed geographically in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.

The Digital Asset Account uses offline storage, or “cold storage”, mechanisms to secure the Fund's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. Cold storage of private keys may involve keeping such keys on a non-networked (or “air-gapped”) computer or electronic device or storing the private keys on a storage device (for example, a USB thumb drive) or printed medium (for example, papyrus, paper or a metallic object). A digital wallet may receive deposits of digital assets but may not send digital assets without use of the digital assets' corresponding private keys. In order to send digital assets from a digital wallet in which the private keys are kept in cold storage, either the private keys must be retrieved from cold storage and entered into an online, or “hot”, digital asset software program to sign the transaction, or the unsigned transaction must be transferred to the cold server in which the private keys are held for signature by the private keys and then transferred back to the online digital asset software program. At that point, the user of the digital wallet can transfer its digital assets.

Security Procedures

The Custodian is the custodian of the Fund's private keys in accordance with the terms and provisions of the Custodian Agreement. Transfers from the Digital Asset Account requires certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Fund's assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States.

As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Fund to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Fund's assets.

Transfers of Fund Components to the Digital Asset Account will be available to the Fund once processed on the Blockchain.

Subject to obtaining regulatory approval to operate a redemption program and authorization of the Manager, the process of accessing and withdrawing Fund Components from the Fund to redeem a Basket by an Authorized Participant will follow the same general procedure as transferring Fund Components to the Fund to create a Basket by an Authorized Participant, only in reverse. See “Description of the Creation of Shares.”

DESCRIPTION OF CREATION OF SHARES

The following is a description of the material terms of the Fund Documents as they relate to the creation of the Fund's Shares on a periodic basis from time to time through sales in private placement transactions exempt from the registration requirements of the Securities Act.

The Fund Documents also provide procedures for the redemption of Shares. However, the Fund does not currently operate a redemption program and the Shares are not currently redeemable. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. ***Because the Fund does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Fund currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program.*** Further, before the Fund is able to effect redemptions, it will be required to meet the requirements of, and register with, the Cayman Islands Monetary Authority and be regulated as a mutual fund under the Mutual Funds Law, 2020 of the Cayman Islands.

The Fund will issue Shares from time to time, but only in one or more Baskets (with a Basket being a block of 100 Shares). The Fund will not issue fractions of a Basket. The creation of Baskets will be made only in exchange for the delivery to the Fund, or the distribution by the Fund, of the number of whole and fractional tokens of each Fund Component represented by each Basket being created plus cash representing the Forked Asset Portion, if any, and the Cash Portion, if any. The number of tokens of each Fund Component required to be delivered in connection with a Basket is calculated by dividing the total number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on the trade date of a creation or redemption order, after deducting all accrued but unpaid Fund Component Fee Amounts for such Fund Component and the number of tokens of such Fund Component payable as a portion of Additional Fund Expenses (in each case, determined using the applicable Digital Asset Reference Rate), by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100. We refer to the number of tokens of each Fund Component so obtained as the "Fund Component Basket Amount." If the Fund holds any Forked Assets that can be reasonably valued in the sole discretion of the Manager, each Basket created will also require the delivery of an amount of cash determined by dividing the aggregate U.S. dollar value of all of such Forked Assets by the total number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained by 100 (such product, the "Forked Asset Portion"). If the Fund holds any cash in U.S. dollars or other fiat currency, each Basket created will also require the delivery of an amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time, on each business day) determined by dividing the amount of cash held by the Fund by the total number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100 (the "Cash Portion"). The Manager will generally consider it possible to assign a reasonable value to a Forked Asset if such Forked Asset is traded on at least one exchange meeting the guidelines of the Reference Rate Provider. We refer to the sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, the Forked Asset Portion, if any, and the Cash Portion, if any, as the "Basket Amount."

All questions as to the calculation of the Basket Amount will be conclusively determined by the Manager and will be final and binding on all persons interested in the Fund. The Basket Amount multiplied by the number of Baskets being created or redeemed is the "Total Basket Amount." Except as otherwise affected by a rebalancing of the Fund's portfolio, the number of Fund Components represented by a Share is generally expected to gradually decrease over time as the Fund Components are used to pay the Fund's expenses. As of December 31, 2020, each Share represented approximately 0.0005 BTC, 0.0027 ETH, 1.0941 XRP, 0.0005 BCH and 0.0015 LTC. Effective January 4, 2021, the Fund removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings. As of the end of the day on January 4, 2021, each Share represented 0.0005 BTC, 0.0029 ETH,

0.0005 BCH, and 0.0017 LTC. Effective April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund's construction criteria. As of the end of the day on April 2, 2021, each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, 0.0017 LTC, and 0.0097 LINK.

Authorized Participants are the only persons that may place orders to create Baskets. Each Authorized Participant must (i) enter into a Participant Agreement with the Manager and (ii) own digital asset wallet addresses and bank accounts that are recognized by the Manager and the Custodian as belonging to the Authorized Participant.

An Authorized Participant may act for its own account or as agent for investors who have entered into a subscription agreement the Authorized Participant (each such investor, an "Investor"). An investor that enters into a subscription agreement with an Authorized Participant subscribes for Shares by submitting a purchase order and paying a subscription amount to the Authorized Participant. At this time, subscription amounts may be paid only in cash.

The creation of Baskets requires the delivery to the Fund of the Total Basket Amount.

The Participant Agreement provides the procedures for the creation of Baskets and for the delivery of Fund Components and cash required for such creations. The Participant Agreement and the related procedures attached thereto may be amended by the Manager and the relevant Authorized Participant. Under the Participant Agreement, the Manager has agreed to indemnify each Authorized Participant against certain liabilities, including liabilities under the Securities Act.

Authorized Participants do not pay a transaction fee to the Fund in connection with the creation of Baskets, but there may be transaction fees associated with the validation of the transfer of digital assets on the relevant Digital Asset Networks.

The following description of the procedures for the creation of Baskets is only a summary and investors should refer to the relevant provisions of the LLC Agreement and the form of Participant Agreement for more detail.

Creation Procedures

On any business day, an Authorized Participant may order one or more Creation Baskets from the Fund by placing a creation order with the Manager no later than 4:00 p.m., New York time, which the Manager will accept or reject. By placing a creation order, an Authorized Participant agrees to transfer the Total Basket Amount from a digital wallet address that is known to the Custodian as belonging to the Authorized Participant to the Fund Accounts.

All creation orders are accepted (or rejected) by the Manager on the business day on which the relevant creation order is placed. If a creation order is accepted, the Manager will calculate the Total Basket Amount on the same business day, which will be the trade date, and will communicate the Total Basket Amount to the Authorized Participant. The Authorized Participant must transfer the Total Basket Amount to the Fund no later than 6:00 p.m., New York time, on the trade date. The expense and risk of delivery, ownership and safekeeping of the Fund Components and U.S. dollars transferred by the Authorized Participant will be borne solely by the Authorized Participant until such Fund Components and U.S. dollars have been received by the Fund.

Following receipt of the Total Basket Amount, the Transfer Agent will credit the number of Shares to the account of the Investor on behalf of which the Authorized Participant placed the creation order by no later than 6:00 p.m., New York time, on the trade date. The Authorized Participant may then transfer such Shares directly to the relevant Investor.

Suspension or Rejection of Orders and Total Basket Amount

The creation of Shares may be suspended generally, or refused with respect to particular requested creations during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Manager or its delegates make it for all practical purposes not feasible to process such creation orders. The Manager may reject an order or, after accepting an order, may cancel such order by rejecting the Total Basket Amount, in the case of creations, or the Baskets to be redeemed, if (i) such order is not presented in proper form as described in the Participant Agreement, (ii) the deposit of the Total Basket Amount, comes from accounts other than a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or (iii) the fulfillment of the order, in the opinion of counsel, might be unlawful, among other reasons. None of the Manager or its delegates will be liable for the suspension, rejection or acceptance of any creation order or Total Basket Amount.

Tax Responsibility

Authorized Participants are responsible for any transfer tax, sales or use tax, stamp tax, recording tax, value-added tax or similar tax or governmental charge applicable to the creation of Baskets, regardless of whether such tax or charge is imposed directly on the Authorized Participant, and agree to indemnify the Manager and the Fund if the Manager or the Fund is required by law to pay any such tax, together with any applicable penalties, additions to tax or interest thereon.

VALUATION OF DIGITAL ASSETS AND DETERMINATION OF DIGITAL ASSET HOLDINGS

The Manager will evaluate the digital assets held by the Fund and determine the Digital Asset Holdings of the Fund in accordance with the relevant provisions of the Fund Documents. The following is a description of the material terms of the Fund Documents as they relate to valuation of the Fund's digital assets and the Digital Asset Holdings calculations.

At 4:00 p.m., New York time, on each business day (other than during a Rebalancing Period) or as soon thereafter as practicable, the Manager will evaluate the digital assets held by the Fund and calculate and publish the Digital Asset Holdings of the Fund. The Digital Asset Holdings of the Fund will not be calculated during any Rebalancing Period. To calculate the Digital Asset Holdings, the Manager will:

1. For each Fund Component then held by the Fund:
 - a. Determine the Digital Asset Reference Rate for the Fund Component as of such business day;
 - b. Multiply the Digital Asset Reference Rate by the aggregate number of tokens of the Fund Component held by the Fund as of 4:00 p.m., New York time, on the immediately preceding business day;
 - c. Add the U.S. dollar value of the number of tokens of the Fund Component receivable under pending Creation Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Digital Asset Reference Rate, and multiplying the result by the number of Baskets pending under such pending Creation Orders; and
 - d. Subtract the U.S. dollar value of the number of tokens of the Fund Component to be distributed under pending Redemption Orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount by the applicable Digital Asset Reference Rate, and multiplying the result by the number of Baskets pending under such pending redemption orders;
2. Calculate the sum of the resulting U.S. dollar values for all Fund Components then held by the Fund, as determined pursuant to paragraph 1 above;
3. Add the aggregate U.S. dollar value of each Forked Asset then held by the Fund calculated by reference to a reputable Digital Asset Exchange as determined by the Manager or, if possible, a Digital Asset Reference Rate.
4. Add (i) the amount of U.S. dollars then held by the Fund plus (ii) the amount of any U.S. dollars to be received by the Fund in connection with any pending creations;
5. Subtract the amount of any U.S. dollars to be distributed under pending redemption orders;
6. Subtract the U.S. dollar amount of accrued and unpaid Additional Fund Expenses, if any;
7. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee as of 4:00 p.m., New York time on the immediately preceding business day (the amount derived from steps 1 through 7 above, the "Digital Asset Holdings Fee Basis Amount"); and
8. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee that accrues for such business day, as calculated based on the Digital Asset Holdings Fee Basis Amount for such business day.

Notwithstanding the foregoing, in the event that the Manager determines that the primary methodology used to determine any of the Digital Asset Reference Rates is not an appropriate basis for valuation of the Fund's digital assets, the Manager will utilize the cascading set of rules as described in "Overview of the Digital Asset Industry and Market—Digital Asset Value—The Digital Asset Reference Rates."

The Manager will publish the Fund's Digital Asset Holdings and the Digital Asset Holdings per Share on the Fund's website as soon as practicable after its determination by the Manager. If the Digital Asset Holdings

and Digital Asset Holdings per Share have been calculated using a price for a Fund Component or Forked Asset other than a Digital Asset Reference Rate, the publication on the Fund's website will note the valuation methodology used and the price per digital asset held by the Fund resulting from such calculation.

In the event of a hard fork of the network for any Fund Component, the Manager will use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of such Network, is generally accepted as such network for such Fund Component and should therefore be considered the appropriate network for such Fund Component for the Fund's purposes. The Manager will base its determination on a variety of then relevant factors, including (but not limited to) the following: (i) the Manager's beliefs regarding expectations of the core developers, users, services, businesses, miners and other constituencies and (ii) the actual continued acceptance of, mining power on, and community engagement with the relevant network.

The shareholders may rely on any evaluation furnished by the Manager. The determinations that the Manager makes will be made in good faith upon the basis of, and the Manager will not be liable for any errors contained in, information reasonably available to it. The Manager will not be liable to the Authorized Participants, the shareholders or any other person for errors in judgment. However, the preceding liability exclusion will not protect the Manager against any liability resulting from gross negligence, willful misconduct or bad faith in the performance of its duties.

EXPENSES; SALES OF DIGITAL ASSETS

Expenses to Be Paid by the Manager

The Fund pays the Manager's Fee to the Manager. As consideration for its receipt of the Manager's Fee, the Manager shall assume and pay the following fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes but including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) the Custodian Fee and fees for any other security vendor engaged by the Fund, (iv) the Transfer Agent fee, (v) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year, (vi) ordinary course legal fees and expenses, (vii) audit fees, (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands, (ix) printing and mailing costs, (x) costs of maintaining the Fund's website and (xi) applicable license fees (the "Manager-paid Expenses").

The Manager's Fee will generally be paid in Fund Components. If the Fund holds any Forked Assets or cash, the Fund may also pay all or a portion of the Manager's Fee in Forked Assets and/or cash in lieu of paying the Manager's Fee in Fund Components, in which case, the Fund Component Fee Amounts in respect of such payment will be correspondingly and proportionally reduced.

After the payment of the Manager's Fee to the Manager, the Manager may elect to convert any digital assets it receives into U.S. dollars. The rate at which the Manager converts such digital assets into U.S. dollars may differ from the rate at which the Manager's Fee was initially determined. The Fund will not be responsible for any fees and expenses incurred by the Manager to convert digital assets received in payment of the Manager's Fee into U.S. dollars. The Manager, from time to time, may temporarily waive all or a portion of the Manager's Fee at its sole discretion. Presently, the Manager does not intend to waive any of the Manager's Fee.

The Manager has not assumed the obligation to pay Additional Fund Expenses. If Additional Fund Expenses are incurred, the Manager will (i) withdraw Fund Components from the Digital Asset Accounts in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund to convert such Fund Components into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses. If the Fund holds cash and/or Forked Assets, the Fund may also pay all or a portion of the Additional Fund Expenses in cash or Forked Assets instead of Fund Components, in which case, the amount of Fund Components that would otherwise have been used to satisfy such Additional Fund Expenses will be correspondingly and proportionally reduced.

The fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will decline each time the Fund pays the Manager's Fee or any Additional Fund Expenses by transferring or selling Fund Components, Forked Assets and/or cash.

Extraordinary and Other Expenses

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses").

Dispositions of Fund Components and Forked Assets

The Fund will pay the Manager's Fee to the Manager in Fund Components held by the Fund, in cash or in Forked Assets. In addition, the Fund will sell Fund Components to raise the funds needed for the payment of any Additional Fund Expenses or will pay Additional Fund Expenses in Fund Components held by the Fund, cash or Forked Assets. Fund Components, as well as the value of any cash or Forked Assets held by the Fund, will be the Fund's sole source of funds to cover the Manager's Fee and any Additional Fund Expenses. To cause the Fund to pay the Manager's Fee, the Manager shall, instructing the Custodian as necessary, withdraw from the relevant Digital Asset Account the number of tokens of each Fund Component equal to the Fund Component Fee Amount for such Fund Component and transfer such tokens of all Fund Components to the Manager's account at such times as the Manager determines in its absolute discretion. To cause the Fund to pay the Additional Fund Expenses, if any, the Manager or its delegates shall, instructing the Custodian as necessary, (i) withdraw from the Digital Asset Accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. Dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Fund (or its delegate) to deliver such Fund Components in kind in satisfaction of such Additional Fund Expenses.

Because the number of Fund Components, or the amount of Forked Assets and/or cash, held by the Fund will decrease when Fund Components are used to pay the Manager's Fee or any Additional Fund Expenses, it is expected that the fractional number of Fund Components, or the amount of Forked Assets and/or cash, represented by each Share will gradually decrease over the life of the Fund. Accordingly, the shareholders will bear the cost of the Manager's Fee and Additional Fund Expenses. New digital assets that are transferred into the Digital Asset Accounts in exchange for new Baskets issued by the Fund will not reverse this trend.

STATEMENTS, FILINGS AND REPORTS

Statements, Filings and Reports

After the end of each fiscal year, the Manager will cause to be prepared an annual report containing audited financial statements prepared in accordance with U.S. GAAP for the Fund. The annual report will be in such form and contain such information as will be required by applicable laws, rules and regulations and may contain such additional information which the Manager determines shall be included. The annual report shall be filed with the SEC and OTCQX and shall be distributed to such persons and in such manner, as shall be required by applicable laws, rules and regulations. The Manager will also prepare, or cause to be prepared, and file any periodic reports or updates required under the Exchange Act.

The accounts of the Fund will be audited, as required by law and as may be directed by the Manager, by independent registered public accountants designated by the Manager. The accountants' report will be furnished by the Manager to shareholders upon request.

The Manager will make elections, file tax returns and prepare, disseminate and file tax reports, as advised by its counsel or accountants and/or as required by any applicable statute, rule or regulation.

Fiscal Year

The fiscal year of the Fund is the period ending June 30 of each year. The Manager may select an alternate fiscal year.

DESCRIPTION OF THE FUND DOCUMENTS

Description of the LLC Agreement

The following is a description of the material terms of the LLC Agreement. The LLC Agreement establishes the roles, rights and duties of the Manager and the Fund.

The Manager

Under the LLC Agreement, the management of the Fund is vested exclusively in the Manager. The Manager may appoint such officers of the Fund on such terms as may be determined by the Manager and with such powers and authorities as may be delegated to such officers. The Manager may appoint any person, firm or corporation to act as an authorized person or service provider to the Fund and may entrust to and confer upon any such authorized persons or service providers any of the functions, duties, powers and discretions exercisable by the Manager, upon such terms and conditions (including as to remuneration payable by the Fund) and with such powers of delegation, but subject to such restrictions, as the Manager thinks fit.

Liability of the Manager and Indemnification

The Manager and its affiliates (each a “Covered Person”) will not be liable to the Fund or any shareholder for any loss suffered by the Fund which arises out of any action taken, or for refraining or inaction of such Covered Person if such Covered Person determined in good faith that such course of conduct was in the best interests of the Fund. However, the preceding liability exclusion will not protect any Covered Person against any liability resulting from its own actual fraud, willful misconduct, bad faith or gross negligence in the performance of its duties.

Each Covered Person will be indemnified by the Fund against any loss, judgment, liability, expense incurred or amount paid in settlement of any claim sustained by it in connection with the Covered Person’s activities for the Fund, provided that (i) such Covered Person was acting on behalf of, or performing services for, the Fund and had determined, in good faith, that such course of conduct was in the best interests of the Fund and such liability or loss was not the result of actual fraud, gross negligence, bad faith, willful misconduct or a material breach of the LLC Agreement on the part of such Covered Person and (ii) any such indemnification will be recoverable only from the property of the Fund. Any amounts payable to an indemnified party will be payable in advance under certain circumstances.

Fiduciary and Regulatory Duties of the Manager

The Manager has duties (including fiduciary duties) and liabilities relating thereto to the Fund. In fulfilling their duties, the Manager may take into account such factors as the Manager deems appropriate or necessary. The general fiduciary duties that apply to the Manager are defined and limited in scope by the LLC Agreement.

The LLC Agreement provides that in addition to any other requirements of applicable law, no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Fund unless two or more shareholders who (i) are not affiliates of one another and (ii) collectively hold at least 10% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. The Fund selected the 10.0% ownership threshold because the Fund believed that this was a threshold that investors would be comfortable with based on market precedent.

This provision applies to any derivative action brought in the name of the Fund other than claims brought under the federal securities laws or the rules and regulations thereunder, to which Section 7.4 does not apply. Due to this additional requirement, a Shareholder attempting to bring a derivative action in the name of the Fund will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding.

“Affiliate” is defined in the LLC Agreement to mean any natural person, partnership, limited liability company, statutory trust, corporation, association or other legal entity (each, a “Person”) directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of such Person, (ii) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such Person, (iii) any Person, directly or indirectly, controlling, controlled by or under common control of such Person, (iv) any employee, officer, director, member, manager or partner of such Person, or (v) if such Person is an employee, officer, director, member, manager or partner, any Person for which such Person acts in any such capacity.

Any shareholders seeking to bring a derivative action may determine whether the 10.0% ownership threshold required to bring a derivative action has been met by dividing the number Shares owned by such shareholders by the total number of Shares outstanding. Shareholders may determine the total number of Shares outstanding by reviewing the Fund’s annual filings on Form 10-K, quarterly filings on Form 10-Q and periodic reports on Form 8-K reporting sales of unregistered securities pursuant to Item 3.02 thereof, or by requesting the number of Shares outstanding at any time from the Manager pursuant to Sections 7.2 and 8.1 of the LLC Agreement.

The Fund offers Shares on a periodic basis at such times and for such periods as the Manager determines in its sole discretion. As a result, in order to maintain the 10.0% ownership threshold required to maintain a derivative action, shareholders may need to increase their holdings or locate additional shareholders during the pendency of a claim. The Fund posts the number of Shares outstanding as of the end of each month on its website and as of the end of each quarter in its annual and quarterly filings with the SEC. The Fund additionally reports sales of unregistered securities on Form 8-K pursuant to Item 3.02 thereof. Shareholders may monitor the number of Shares outstanding at any time for purposes of calculating their ownership threshold by reviewing the Fund’s website and SEC filings and by requesting the number of Shares outstanding on any date from the Manager at any time pursuant to Sections 7.2 and 8.1 of the LLC Agreement. Shareholders have the opportunity at any time to increase their holdings or locate other shareholders to maintain the 10.0% threshold throughout the duration of a derivative claim. Shareholders may do so by contacting shareholders that are required to file Schedule 13Ds or Schedule 13Gs with the SEC or by requesting from the Manager the list of the names and last known address of all shareholders pursuant to Sections 7.2 and 8.1 of the LLC Agreement. The Manager is not aware of any reason to believe that Section 7.4 of the LLC Agreement is not enforceable under state or federal law.

Beneficial owners may have the right, subject to certain legal requirements, to bring class actions in federal court to enforce their rights under the U.S. federal securities laws and the rules and regulations promulgated thereunder by the SEC. Beneficial owners who have suffered losses in connection with the purchase or sale of their beneficial interests may be able to recover such losses from the Manager where the losses result from a violation by the Manager of the anti-fraud provisions of the federal securities laws.

Actions Taken to Protect the Fund

The Manager may, in its sole discretion, prosecute, defend, settle or compromise actions or claims at law or in equity that it considers necessary or proper to protect the Fund or the interests of the shareholders. The expenses incurred by the Manager in connection therewith (including the fees and disbursements of legal counsel) will be expenses of the Fund and are deemed to be Additional Fund Expenses. The Manager will be entitled to be reimbursed for the Additional Fund Expenses it pays on behalf of the Fund.

Successor Managers

In the event that the filing of a certificate of dissolution or revocation of the Manager’s charter (and the expiration of 90 days after the date of notice to the Manager of revocation without a reinstatement of its charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Manager has occurred, shareholders holding Shares representing at least a majority (over 50%) of the Shares may vote to appoint one or

more successor Managers. If the Manager withdraws and a successor Manager is named, the withdrawing Manager shall pay all expenses as a result of its withdrawal and make such filings with the Registrar as are necessary to appoint the successor Manager.

Possible Repayment of Distributions Received by Shareholders; Indemnification by Shareholders

The Shares are limited liability investments. Investors may not lose more than the amount that they invest plus any profits recognized on their investment. Although it is unlikely, the Manager may, from time to time, make distributions to the shareholders. However, shareholders could be required, as a matter of bankruptcy law, to return to the estate of the Fund any distribution they received at a time when the Fund was in fact insolvent or in violation of its LLC Agreement. In addition, the LLC Agreement provides that shareholders will indemnify the Fund for any harm suffered by it as a result of shareholders' actions unrelated to the activities of the Fund.

Holding of Fund Property

The Fund will hold and record the ownership of the Fund's assets in a manner such that it will be owned for the benefit of the shareholders for the purposes of, and subject to and limited by the terms and conditions set forth in, the LLC Agreement. The Fund will not create, incur or assume any indebtedness or borrow money from or loan money to any person. The Manager may not commingle its assets with those of any other person, provided that any delay between the sale of assets to a third party and transfer of such assets from the Fund Accounts to such third party in settlement of such sale will not be deemed to be a contravention of this prohibition.

The Manager may appoint any person, firm or corporation to act as an authorized person or service provider, including investment managers, investment advisors, administrators, registrars, transfer agents, custodians and prime brokers, to the Fund and will not be answerable for the conduct or misconduct of any delegatee if such delegatees have been selected with reasonable care.

Amendments to the LLC Agreement

In general, the Manager may amend the LLC Agreement without the consent of any shareholder. However, no amendments to the LLC Agreement that materially adversely affect the interests of shareholders may be made without the vote of at least a majority (over 50%) of the Shares (not including any Shares held by the Manager or its affiliates). A Shareholder will be deemed to have consented to a modification or amendment of the LLC Agreement if the Manager has notified the shareholders in writing of the proposed modification or amendment and the Shareholder has not, within 20 calendar days of such notice, notified the Manager in writing the Shareholder objects to such modification or amendment.

Termination of the Fund

The Fund will dissolve if any of the following events occur:

- a Cayman Islands or U.S. federal or state regulator requires the Fund to shut down or forces the Fund to liquidate its digital assets or seizes, impounds or otherwise restricts access to Fund assets;
- the filing of a certificate of dissolution or revocation of the Manager's charter (and the expiration of 90 days after the date of notice to the Manager of revocation without a reinstatement of its charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Manager has occurred unless (i) at the time there is at least one remaining Manager and that remaining Manager carries on the Fund or (ii) within 90 days of notice of any such event shareholders holding at least a majority (over 50%) of Shares agree in writing to resume and continue the activities of the Fund and to select, effective immediately, one or more successor Managers.

The Manager may, in its sole discretion, wind up, liquidate and dissolve the Fund if any of the following events occur:

- the SEC determines that the Fund is an investment company required to be registered under the Investment Company Act;
- the CFTC determines that the Fund is a commodity pool under the CEA;
- the Fund is determined to be a “money service business” under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act and is required to comply with certain FinCEN regulations thereunder;
- the Fund is required to obtain a license or make a registration under any U.S. state law regulating money transmitters, money services business, providers of prepaid or stored value, digital currency business or similar entities;
- the Fund becomes insolvent or bankrupt;
- a security vendor to the Fund, such as the Custodian, resigns or is removed without replacement; or
- all of the Fund’s digital assets are sold;
- the Manager determines that the aggregate net assets of the Fund in relation to the expenses of the Fund make it unreasonable or imprudent to continue the Fund;
- the Manager determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Fund.

The Manager may determine that it is desirable or advisable to discontinue the affairs of the Fund for a variety of reasons. For example, the Manager may terminate the Fund if the digital asset held by such Fund were asserted, or ultimately determined, to be a security under the federal securities laws by the SEC or a federal court.

No shareholder may present a winding up petition in respect of the Fund. Additionally, the death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any shareholder (as long as such shareholder is not the sole shareholder of the Fund) will not result in the termination of the Fund, and such shareholder, his or her estate, custodian or personal representative will have no right to a redemption of such shareholder’s Shares. Each shareholder (and any assignee thereof) expressly agrees that in the event of his or her death, he or she waives on behalf of himself or herself and his or her estate, and he or she directs the legal representative of his or her estate and any person interested therein to waive the furnishing of any inventory, accounting or appraisal of the assets of the Fund and any right to an audit or examination of the books of account for the Fund, except for such rights as are set forth in Article VII of the LLC Agreement relating to the books of account and reports of the Fund.

Upon dissolution of the Fund and surrender of Shares by the shareholders, shareholders will receive a distribution in U.S. dollars or digital assets, at the sole discretion of the Manager, after the Manager has sold the Fund’s Digital Assets, if applicable, and has paid or made provision for the Fund’s claims and obligations.

Governing Law; Consent to New York Jurisdiction

The LLC Agreement and the rights of the Manager and shareholders under the LLC Agreement are governed by the laws of the Cayman Islands. Each Participant Agreement is governed by the laws of the State of Delaware. The Manager and each Shareholder consent to the jurisdiction of the courts of the State of New York and any federal courts located in the borough of Manhattan in New York City.

Description of the Custodian Agreement

The Custodian Agreement establishes the rights and responsibilities of the Custodian, Manager, the Fund and Authorized Participants with respect to the Fund’s digital assets in the Digital Asset Accounts, which is

maintained and operated by the Custodian on behalf of the Fund. For a general description of the Custodian's obligations, see "The Custodian—The Custodian's Role."

Account; Location of Digital Assets

The Fund's Digital Asset Accounts are segregated custody accounts controlled and secured by the Custodian to store private keys, which allow for the transfer of ownership or control of the Fund Components, on the Fund's behalf. Private key shards associated with the Fund Components are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes. The Custodian requires written approval of the Fund prior to changing the location of the private key shards, and therefore the Fund Components, including to a different state. The Digital Asset Accounts use offline storage, or cold storage, mechanisms to secure the Fund's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet.

Fund Components in the Digital Asset Accounts are not treated as general assets of the Custodian. Rather, the Custodian serves as a fiduciary and custodian on the Fund's behalf, and the Fund Components in the Digital Asset Accounts are considered fiduciary assets that remain the Fund's property at all times.

Safekeeping of Digital Assets

The Custodian will use best efforts to keep in safe custody on behalf of the Fund all digital assets received by the Custodian. All digital assets credited to the Fund's Digital Asset Accounts will (i) be held in the Digital Asset Accounts at all times, and the Digital Asset Accounts will be controlled by the Custodian; (ii) be labeled or otherwise appropriately identified as being held for the Fund; (iii) be held in the Digital Asset Accounts on a non-fungible basis; (iv) not be commingled with other digital assets held by the Custodian, whether held for the Custodian's own account or the account of other clients other than the Fund; (v) not without the prior written consent of the Fund be deposited or held with any third-party depository, custodian, clearance system or wallet; and (vi) for any Digital Asset Accounts maintained by the Custodian on behalf of the Fund, the Custodian will use best efforts to keep the private key or keys secure, and will not disclose such keys to the Fund, the Manager or to any other individual or entity except to the extent that any keys are disclosed consistent with a standard of best efforts and as part of a multiple signature solution that would not result in the Fund or the Manager "storing, holding, or maintaining custody or control of" the digital assets "on behalf of others" within the meaning of the New York BitLicense Rule (23 NYCRR Part 200) as in effect as of June 24, 2015 such that it would require the Fund or the Manager to become licensed under such law.

Insurance

The Custodian has indicated to the Manager that it has insurance coverage as a subsidiary under its parent company, Coinbase Global, Inc. (together with its affiliates, "Coinbase"), which procures fidelity (aka crime) insurance coverage of up to \$320 million. The Custodian's insurance coverage is limited to losses of the digital assets it custodies on behalf of its clients, including the Fund Components, resulting from theft, including internal theft by employees of Coinbase and theft or fraud by a director if the director is acting in the capacity of an employee of Coinbase.

Deposits, Withdrawals and Storage; Access to the Digital Asset Accounts

The Custodial Services (i) allow digital assets to be deposited from a public blockchain address to the Digital Asset Accounts and (ii) allow the Fund or Manager to withdraw digital assets from the Digital Asset Accounts to a public blockchain address the Fund or the Manager controls (each such transaction is a "Custody Transaction").

The Custodian reserves the right to refuse to process or to cancel any pending Custody Transaction as required by law or in response to a subpoena, court order, or other binding government order or to enforce transaction, threshold, and condition limits, in each case as communicated to the Fund and the Manager as soon as reasonably practicable where the Custodian is permitted to do so, or if the Custodian reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or applicable rule of a governmental authority or self-regulatory organization. The Custodian may suspend or restrict the Fund's and Manager's access to the Custodial Services, and/or deactivate, terminate or cancel the Digital Asset Accounts if the Fund or Manager taken certain actions, including any Prohibited Use or Prohibited Business as set forth in the Custodian Agreement.

From the time the Custodian has verified the authorization of a complete set of instructions to withdraw digital assets from the Digital Asset Accounts, the Custodian will have up to forty-eight (48) hours to process and complete such withdrawal. The Custodian will ensure that initiated deposits are processed in a timely manner but the Custodian makes no representations or warranties regarding the amount of time needed to complete processing which is dependent upon many factors outside of the Custodian's control.

Subject to certain exceptions in the Custodian Agreement, the Fund, the Manager and their authorized representatives will be able to access the Digital Asset Accounts via the Custodian's website 99.9% of the time (excluding scheduled maintenance) in order to check information about the Digital Asset Accounts, deposit digital assets to the Digital Asset Accounts or initiate a Custody Transaction (subject to the timing described above).

The Custodian makes no other representations or warranties with respect to the availability and/or accessibility of digital assets or the availability and/or accessibility of the Digital Asset Accounts or Custodial Services.

Subject to any legal and regulatory requirements, in order to support the Fund's ordinary course of deposits and withdrawals, which involves, or will in the future involve, deposits from and withdrawals to digital assets accounts owned by any Authorized Participant, the Custodian will use commercially reasonable efforts to cooperate with the Fund and Manager to design and put in place via the Custodial Services a secure procedure to allow Authorized Participants to receive a digital asset address for deposits by Authorized Participants, and to initiate withdrawals to digital asset addresses controlled by Authorized Participants.

The Custodian Agreement further provides that the Fund's and the Manager's auditors or third-party accountants upon reasonable notice, have inspection rights to visit and inspect the Digital Asset Accounts. Such auditors or third-party accountants are not obligated under the Custodian Agreement to exercise their inspection rights.

Security of the Account

The Custodian securely stores all digital assets private keys held by the Custodian in offline storage. Under the Custodian Agreement, the Custodian must use best efforts to keep private and public keys secure, and may not disclose private keys to the Manager, Fund or any other individual or entity.

The Custodian has implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard the Custodian's electronic systems and the Fund's and the Manager's confidential information from, among other things, unauthorized access or misuse. In the event of a Data Security Event (as defined below), the Custodian will promptly (subject to any legal or regulatory requirements) notify the Fund and the Manager. "Data Security Event" is defined as any event whereby (a) an unauthorized person (whether within the Custodian or a third party) acquired or accessed the Fund's or Manager's information, (b) the Fund's or Manager's information is otherwise lost, stolen or compromised or (c) the Custodian's Chief Information Security Officer, or other senior security officer of a similar title, is no longer employed by the Custodian.

Record Keeping; Inspection and Auditing

The Custodian will keep timely and accurate records of its services pursuant to the Custodian Agreement, and such records must be retained by the Custodian for no less than seven years. The Custodian Agreement also provides that the Custodian will permit, to the extent it may legally do so, the Fund's or the Manager's auditors or third-party accountants, upon reasonable notice, to inspect, take extracts from and audit the records that it maintains, take such steps as necessary to verify that satisfactory internal control system and procedures are in place, and visit and inspect the systems on which the digital assets are held, all at such times as the Fund or the Manager may reasonably request. The Custodian is obligated to provide a copy of any audit report prepared by its internal or independent auditors to the Fund or the Manager.

Annual Certificate and Report

Once each calendar year, the Manager or Fund may request that the Custodian deliver a certificate signed by a duly authorized officer to certify that the Custodian has complied and is currently in compliance with the Custodian Agreement and that all representations and warranties made by the Custodian in the Custodian Agreement are true and correct on and as of the date of such certificate, and have been true and correct throughout the preceding year.

For year 2020, and thereafter, no more than once per calendar year, the Fund and the Manager will be entitled to request that the Custodian produce or commission a new Services Organization Controls ("SOC") 1 report and SOC 2 report, and promptly deliver to the Fund and the Manager a copy thereof by December 31 of each year. The Custodian reserves the right to combine the SOC 1 and SOC 2 reports into a comprehensive report. In the event that the Custodian does not deliver a SOC 1 Report or SOC 2 Report, as applicable, the Manager and the Fund will be entitled to terminate the Agreement.

Standard of Care; Limitations of Liability

The Custodian will use best efforts to keep in safe custody on behalf of the Fund all digital assets received by the Custodian. The Custodian is liable to the Manager and the Fund for the loss of any digital assets to the extent that the Custodian directly caused such loss (including if the Fund or the Manager is not able to timely withdraw digital assets from the Digital Asset Accounts according to the Custodian Agreement or as a result of the Custodian's errors in executing a transaction on behalf of the Fund or), even if the Custodian meets its duty of exercising best efforts, and the Custodian is required to return to the Fund a quantity equal to the quantity of any such lost digital assets.

The Custodian's or Fund's total liability under the Custodian Agreement will never exceed the greater of the value of the digital assets on deposit in the Digital Asset Accounts at the time of, and directly relating to, the events giving rise to the liability occurred, the value of which will be determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address for the Fund's Digital Asset Account holds digital assets with a value in excess of \$100 million (the "Cold Storage Threshold") for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Manager monitors the value of digital assets deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of digital assets deposited in each cold storage address on business days. The Custodian or Fund are not liable to each other for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages.

Furthermore, the Custodian is not liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or

condition beyond the reasonable control of the Custodian, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, exchange or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or Internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which is beyond the reasonable control of the Custodian and will not affect the validity and enforceability of any remaining provisions. For the avoidance of doubt, a cybersecurity attack, hack or other intrusion by a third party or by someone associated with the Custodian is not a circumstance that is beyond the Custodian's reasonable control, to the extent due to the Custodian's failure to comply with its obligations under the Custodian Agreement.

The Custodian does not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect the Manager's or the Fund's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption originated from the Custodian due to its gross negligence, fraud, willful misconduct or breach of the Custodian Agreement.

Indemnity

Each of the Custodian and the Fund has agreed to indemnify and hold harmless the other such parties from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to the Custodian's or the Fund's, as the case may be, breach of the Custodian Agreement, inaccuracy in any of the Custodian's or the Fund's, as the case may be, representations or warranties in the Custodian Agreement, or the Custodian's or the Fund's, as the case may be, knowing, in the case of the Custodian, violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of the other such party.

Fees and Expenses

The Custodian Fee is an annualized fee charged monthly that is a percentage of the Fund's monthly assets under custody. Following the third anniversary of the Custodian Agreement, the fee may be adjusted by the Custodian with at least six months' advance notice. Any changes to the fee will be agreed to by the Fund and the Manager and the Custodian in writing. To the extent the parties cannot reach an agreement regarding any modifications in pricing, either party may elect to terminate the Custodian Agreement. It is the Fund's and the Manager's sole responsibility to determine whether, and to what extent, any taxes apply to any deposits or withdrawals conducted through the Custodial Services.

Term; Renewal

Subject to each party's termination rights, the Custodian Agreement is for a term of three years. Thereafter, the Custodian Agreement automatically renews for successive terms of one year, unless either party elects not to renew, by providing no less than thirty days' written notice to the other party prior to the expiration of the then-current term, or unless terminated earlier as provided herein.

Termination

During the Initial Term, either party may terminate the Custodian Agreement for Cause (as defined below) at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice. "Cause" is defined as if: (i) such other party commits any material breach of any of its obligations under the Custodian Agreement; (ii) such other party is adjudged bankrupt or insolvent, or there is commenced against such party a case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such party files an application for an arrangement with its creditors, seeks or consents to the

appointment of a receiver, administrator or other similar official for all or any substantial part of its property, admits in writing its inability to pay its debts as they mature, or takes any corporate action in furtherance of any of the foregoing, or fails to meet applicable legal minimum capital requirements; or (iii) with respect to the Fund's and the Manager's right to terminate, any applicable law, rule or regulation or any change therein or in the interpretation or administration thereof has or may have a material adverse effect on the rights of the Fund, the Manager or any of their respective beneficiaries with respect to any services covered by the Custodian Agreement.

After the initial term, either party may terminate the Custodian Agreement (i) upon ninety (90) days' prior written notice to the other party and (ii) for Cause at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice.

Notwithstanding the foregoing, the Manager and the Fund may cancel the Digital Asset Accounts at any time by withdrawing all balances and contacting the Custodian. Upon termination of the Custodian Agreement, the Custodian will promptly upon the Manager's or the Fund's order deliver or cause to be delivered all digital assets held or controlled by the Custodian as of the effective date of termination, together with such copies of the records maintained pursuant to the Custodian Agreement and as the Manager and the Fund requests in writing.

Governing Law

The Custodian Agreement is governed by New York law.

CERTAIN TAX CONSIDERATIONS

The following discussion of Cayman Islands and U.S. federal income tax considerations is not intended as a substitute for careful tax planning. It does not address all of the relevant tax principles that will apply to the Fund and its shareholders. In particular, it does not discuss the tax principles of countries other than the Cayman Islands and the United States or any state or local tax principles. **Prospective investors in the Fund are urged to consult their professional advisors regarding the possible tax consequences of an investment in the Fund in light of their own situations.**

Certain Cayman Islands Tax Considerations

Taxation—Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes. The Fund has received an undertaking from the Financial Secretary of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Fund or to any shareholder in respect of the operations or assets of the Fund or the Shares of a shareholder; and that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Fund or the interests of the shareholders therein. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund.

Cayman Islands—Automatic Exchange of Financial Account Information

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the “U.S. IGA”). The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information—Common Reporting Standard (“CRS” and together with the U.S. IGA, “AEOI”).

Cayman Islands regulations have been issued to give effect to the U.S. IGA and CRS (collectively, the “AEOI Regulations”). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the “TIA”) has published guidance notes on the application of the U.S. IGA and CRS.

All Cayman Islands “Financial Institutions” are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS. The Fund does not propose to rely on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the U.S. IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a “Reporting Financial Institution,” (iii) adopt and implement written policies and procedures setting out how it will address its obligations under CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts,” (v) report information on such Reportable Accounts to the TIA, and (vi) file a CRS Compliance Form with the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (e.g. the IRS in the case of a US Reportable Account) annually on an automatic basis.

For information on any potential withholding tax that may be levied against the Fund, see also “—Certain United States Tax Considerations.”

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund’s compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Fund may be obliged, and/or reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption of the investor concerned and/or closure of the investor’s account.

Certain United States Tax Considerations

This summary outlines certain significant U.S. federal income tax principles that are likely to apply to the Fund and the shareholders, given the anticipated nature of the Fund’s investments and activities. Except where specifically addressing considerations applicable to Tax-Exempt Investors or Non-U.S. Investors, each as defined below, this discussion assumes that the shareholder is a U.S. Investor, as defined below, that holds its Shares as capital assets.

This summary does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular shareholder. In some cases, the activities of a shareholder other than its investment in the Fund may affect the tax consequences to such shareholder of an investment in the Fund. For example, this discussion does not describe tax consequences applicable to shareholders subject to special rules, such as regulated investment companies, real estate investment trusts, insurance companies, foreign governments or entities treated as partnerships for U.S. federal income tax purposes. This discussion also does not describe tax consequences applicable to Authorized Participants (or other shareholders acquiring Shares directly from the Fund). This discussion also does not address the application of the alternative minimum tax or the Medicare contribution tax under Section 1411 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

The discussion of U.S. federal income tax matters contained herein is based on existing law as contained in the Code, Treasury regulations, administrative rulings and court decisions as of the date of this Information Statement. No assurance can be given that future legislation, administrative rulings or court decisions will not materially and adversely affect the consequences set forth in this summary, possibly on a retroactive basis. **Each prospective investor is urged to consult its tax advisor concerning the potential tax consequences of an investment in the Fund.**

For purposes of this summary:

- A “U.S. Investor” is a beneficial owner of a Share that is a U.S. Person and that is not generally exempt from U.S. federal income tax.
- A “Non-U.S. Investor” is a beneficial owner of a Share that is not a U.S. Person, is not an entity treated as a partnership for U.S. federal income tax purposes and is not treated as a foreign government for purposes of Section 892 of the Code. The discussion below addressing Non-U.S. Investors does not, however, address the U.S. federal income tax consequences of an investment in a Share by any Non-U.S. Investor (i) whose investment in a Share is “effectively connected” with the conduct by such Non-U.S. Investor of a trade or business in the United States, (ii) who is a former U.S. citizen or former resident of the United States or that is an entity that has expatriated from the United States, (iii) who is an individual and is present in the United States for 183 days or more in any taxable year or (iv) that, because of its particular circumstances, is generally subject to U.S. federal income tax on a net basis.
- A “Tax-Exempt Investor” is a beneficial owner of a Share that is a U.S. Person generally exempt from U.S. federal income tax under Section 501(a) or Section 664(c) of the Code. The discussions below

addressing Tax-Exempt Investors do not, however, address the U.S. federal income tax consequences of an investment in the Fund by any Tax-Exempt Investor that is subject to special rules relating to the computation of “unrelated business taxable income,” such as the rules under Section 512(a)(3) of the Code.

Solely for purposes of the foregoing definitions, a “U.S. Person” is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income tax regardless of the source thereof.

If the beneficial owner of a Share is an entity that is treated as a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of a partner in that partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective investor that is treated as a partnership for U.S. federal income tax purposes should consult its tax advisor concerning the tax consequences of an investment in the Fund.

Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Currencies

Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance with respect to digital currencies, many significant aspects of the U.S. federal income tax treatment of digital currencies are uncertain. The Manager does not intend to request a ruling from the Internal Revenue Service (the “IRS”) on these issues. Rather, the Manager will cause the Fund will take positions that it believes to be reasonable. There can be no assurance that the IRS will agree with the positions the Fund takes, and it is possible that the IRS will successfully challenge the Fund’s positions.

In 2014, the IRS released a notice (the “Notice”) discussing certain aspects of the treatment of “convertible virtual currency” (that is, digital currency that has an equivalent value in fiat currency or that acts as a substitute for fiat currency) for U.S. federal income tax purposes. In the Notice, the IRS stated that, for U.S. federal income tax purposes, such digital currency (i) is “property,” (ii) is not “currency” for purposes of the rules of the Code relating to foreign currency and (iii) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of “Frequently Asked Questions” (the “Ruling & FAQs”) that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital currencies are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital currency. However, the Notice and the Ruling & FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital currencies. Moreover, although the Ruling & FAQs address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions. While the Ruling & FAQs do not address most situations in which airdrops occur, it is clear from the reasoning of the Ruling & FAQs that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income.

There can be no assurance that the IRS will not alter its position with respect to digital currencies in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs. It is also unclear what additional guidance on the treatment of digital currencies for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for investors in the Fund and could have an adverse effect on the value of digital currencies. Future developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes. For example, the Notice addresses only digital currency that is “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Fund will hold certain types of digital currencies that are not within the scope of the Notice.

The remainder of this discussion assumes that any digital currency that the Fund may hold is properly treated for U.S. federal income tax purposes as property that may be held as a capital asset and that is not currency for purposes of the rules with respect to foreign currency gain and loss.

U.S. Entity-Level Taxation of the Fund

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes.

The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive income that is treated as “effectively connected” with the conduct of a trade or business in the United States (“effectively connected income”). There can, however, be no complete assurance in this regard. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its “dividend equivalent amount,” as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business). If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Provided that it does not constitute effectively connected income, any U.S.-source “fixed or determinable annual or periodical” (“FDAP”) income received, or treated as received, by the Fund would generally be subject to U.S. withholding tax at the rate of 30% (subject to statutory exemptions such as the portfolio interest exemption). Although there is no guidance on point, ordinary income recognized by the Fund as a result of a fork, airdrop or similar occurrence would presumably constitute FDAP income. It is unclear, however, whether any such FDAP income would be properly treated as U.S.-source or foreign-source FDAP income. In the absence of guidance, it is possible that a withholding agent will withhold 30% from any assets derived by the Fund as a consequence of a fork, airdrop or similar occurrence.

U.S. Investors in the Fund

The following discussion outlines certain significant U.S. federal income tax consequences of an investment in the Fund by a U.S. Investor. This discussion assumes that a U.S. Investor holds its interest in the Fund as a capital asset.

Although there is no certainty in this regard, the Fund may be a “passive foreign investment company,” as defined in Section 1297 of the Code (a “PFIC”) for U.S. federal income tax purposes. In addition, under certain circumstances, the Fund may be a “controlled foreign corporation” (a “CFC”) for U.S. federal income tax purposes. The material consequences of the PFIC rules and the CFC rules are set forth below. If the Fund is a CFC, the CFC rules, rather than the PFIC rules, will apply to any U.S. Investor that is a 10% U.S. Shareholder, as defined below, of the Fund.

Prospective U.S. Investors should consult their tax advisors concerning the Fund’s potential PFIC status and CFC status, and the tax considerations relevant to an investment in a PFIC or CFC. Prospective U.S. Investors should also read the discussion under the headings “—Information Reporting and Backup Withholding,” “—Information Reporting by Shareholders” and “—FATCA Tax” below.

PFIC Rules

It is not clear whether the Fund is a PFIC for U.S. federal income tax purposes, and the guidance in the Ruling & FAQs has increased the uncertainty in this regard. However, because it is possible that the Fund is a PFIC, the Fund will provide to each U.S. Investor, and to any other shareholder upon request, PFIC Annual Information Statements that will include the required information and representations to permit such U.S. Investor (or any direct or indirect beneficial owner of an interest in such investor) to make a “qualified electing fund” election (a “QEF Election”) with respect to the Fund. Each U.S. Investor should consult its tax advisor as to whether it should make a QEF Election. Assuming that the Fund is a PFIC, failure to make a QEF Election with respect to an investment in the Fund could result in materially adverse tax consequences to a U.S. Investor, as described below.

For simplicity of presentation, it is assumed for purposes of the following disclosure that the Fund is a PFIC.

Consequences in Absence of QEF Election

If a U.S. Investor does not make a QEF Election with respect to the Fund, any “excess distribution” received by the U.S. Investor from the Fund, and any gain recognized by the U.S. Investor on a sale or other disposition (including, under certain circumstances, a pledge) of Shares, will be treated as having been earned ratably (on a straight-line basis) over the U.S. Investor’s holding period for its Shares. The portion allocated to the taxable year of the “excess distribution,” or to the year of the sale or other disposition, will be treated as ordinary income. The portion allocated to each prior taxable year will be subject to U.S. federal income tax at the highest marginal rate in effect for the type of U.S. Investor (corporate or individual) for such taxable year, and an interest charge for the deemed deferral benefit will be imposed on the resulting tax liability for each prior taxable year.

If a U.S. Investor does not make a QEF Election, distributions by the Fund to the U.S. Investor, other than “excess distributions,” will be taxable as ordinary income (and not as “qualified dividend income”) to the extent such distributions are made out of the Fund’s current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. To the extent that a distribution (other than an “excess distribution”) exceeds the Fund’s current and accumulated earnings and profits, the distribution will be treated, first, as a return of capital that will reduce the U.S. Investor’s tax basis in its Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of the U.S. Investor’s Shares, which will be subject to U.S. federal income tax as described above. These rules will apply to any in-kind distribution of a Forked Asset that the Fund makes to a U.S. Investor, with the amount of the distribution equal to the fair market value of such Forked Asset on the date of the distribution.

Consequences Pursuant to QEF Election

A U.S. Investor can mitigate the consequences described above by making a QEF Election with respect to the Fund. A U.S. Investor can make a QEF Election by attaching a properly executed IRS Form 8621 to its U.S. federal income tax return for the first taxable year in which it wishes the election to apply. If a U.S. Investor does not make a QEF Election with respect to the Fund for the first taxable year in which the U.S. Investor holds any Shares, a later QEF Election with respect to the Fund will not apply with respect to the U.S. Investor’s investment in the Fund unless the U.S. Investor elects to recognize gain, if any, as if it sold its Shares on the first day of the first taxable year to which the QEF Election applies. Any gain that a U.S. Investor recognizes as a consequence of such an election will be subject to U.S. federal income tax as described above.

If a U.S. Investor makes a valid QEF Election with respect to its Shares, the U.S. Investor will be required to report on its U.S. federal income tax return, and thus to take into account in determining its U.S. federal income tax liability, its pro rata share of the Fund’s ordinary earnings and net capital gain for the taxable year of the Fund ending within or with such U.S. Investor’s taxable year, regardless of whether the Fund makes any distributions to the U.S. Investor. A U.S. Investor will include its pro rata share of the Fund’s ordinary earnings as ordinary

income, and will include its pro rata share of the Fund's net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss) as long-term capital gain. U.S. Investors will not be entitled to claim deductions for any net losses incurred by the Fund, and the Fund will not be entitled to carry its net losses for any taxable year back or forward in computing its ordinary earnings and net capital gain for other taxable years. In addition, a U.S. Investor will not be entitled to claim a foreign tax credit for any non-U.S. taxes borne by the Fund, but these taxes will reduce the amount of income the U.S. Investor would otherwise be required to include pursuant to the QEF Election. A U.S. Investor's tax basis in its Shares will be increased by the amounts the U.S. Investor includes in income as a consequence of the QEF Election and decreased by the amount of distributions the U.S. Investor receives from the Fund out of earnings that the U.S. Investor previously included in income as a consequence of the QEF Election.

The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital currencies will be treated as capital gains or losses pursuant to the Notice. The Fund may sell digital currencies for U.S. dollars or other fiat currency in connection with rebalancings, in order to divest itself of Forked Assets or to pay Additional Fund Expenses and in connection with its liquidation. In addition, the Fund's payment of the Manager's Fee or any Additional Fund Expenses through a transfer of digital currencies, and any distribution of Forked Assets to the shareholders (or to an agent of the shareholders), will be treated for U.S. federal income tax purposes as a sale of the relevant digital currencies for their fair market value on the date of such transfer or distribution, except that solely in the case of a distribution to the Shareholders (or their agent), the Fund will not recognize any loss realized by it on such deemed sale. As noted above, the IRS has taken the position in the Ruling & FAQs that, under certain circumstances, a hard fork of a digital currency constitutes a taxable event giving rise to ordinary income, and it is clear from the reasoning of the Ruling & FAQs that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income. In addition, any gain or loss the Fund recognizes on a disposition of a fiat currency other than the U.S. dollar will generally be treated as ordinary income or loss.

As discussed above, there is uncertainty with respect to many significant aspects of the U.S. federal income tax treatment of digital currencies. If the IRS successfully challenges the Fund's determination of its income, the Fund may be required to issue revised PFIC Annual Information Statements for prior taxable years, and U.S. Investors may be required to amend their tax returns for those years.

Assuming that a U.S. Investor makes a QEF Election with respect to its Shares, a distribution by the Fund to the U.S. Investor will be taxable as ordinary income (and not as "qualified dividend income") to the extent such distributions are made out of the Fund's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, except to the extent that the U.S. Investor can establish that the distributions are made out of earnings that were previously included in income by any U.S. person as a consequence of a QEF Election. The portion of any such distribution that the U.S. Investor can establish as being made out of earnings that were previously included in a U.S. person's income pursuant to a QEF Election will not be subject to U.S. federal income tax. To the extent that a distribution exceeds the Fund's current and accumulated earnings and profits, the distribution will be treated, first, as a return of capital that will reduce the U.S. Investor's tax basis in its Shares and, after such tax basis has been reduced to zero, as gain from a sale or exchange of the U.S. Investor's Shares. These rules will apply to any in-kind distribution of a Forked Asset that the Fund makes to a U.S. Investor, with the amount of the distribution equal to the fair market value of such Forked Asset on the date of the distribution.

Upon a sale or other exchange of Shares, a U.S. Investor will generally recognize gain or loss equal to the difference between the amount realized and the U.S. Investor's tax basis in its Shares. Assuming that the U.S. Investor has made a QEF Election with respect to its Shares, any such gain or loss will constitute capital gain or loss, and will be long-term capital gain or loss if the U.S. Investor's holding period for the Shares was more than one year as of the date of the sale or other exchange.

A U.S. Investor that makes a QEF Election with respect to its Shares may also elect to defer the payment of the taxes in respect of its share of the Fund's undistributed ordinary earnings and net capital gain, subject to the

payment of an interest charge on the deferred tax liability. If a U.S. Investor makes this election, the deferred tax liability with respect to the undistributed earnings attributable to its Shares will generally become payable on the due date (determined without regard to extensions) of the U.S. Investor's U.S. federal income tax return for the taxable year in which the U.S. Investor sells or pledges such Shares. If the Fund makes a distribution, however, the deferred tax liability with respect to the U.S. Investor's share of the distributed earnings will become payable on the due date (determined without regard to extensions) of the U.S. Investor's U.S. federal income tax return for the taxable year in which the distribution occurs.

CFC Rules

In general, a non-U.S. corporation will be treated as a "controlled foreign corporation" for U.S. federal income tax purposes (a "CFC") if more than 50% of its stock, by vote or value, is owned, directly or under applicable constructive ownership rules, by 10% U.S. Shareholders. A "10% U.S. Shareholder" is a U.S. person (including a U.S. partnership) that owns, directly or under applicable constructive ownership rules, at least 10% of the value or voting power of the non-U.S. corporation's stock. If the Fund were treated as a CFC, the PFIC rules would not apply to a U.S. Investor that was a 10% U.S. Shareholder (but would continue to apply to other U.S. Investors). Instead, a 10% U.S. Shareholder generally would be required to take into account, as ordinary income, its share of all of the Fund's income and gain for each taxable year, without regard to whether the Fund made any distributions. In addition, all or a portion of the gain recognized by a 10% U.S. Shareholder upon the sale or exchange of an interest in the Fund could conceivably be recharacterized as dividend income that would be taxable as ordinary income.

In-Kind Distributions of Forked Assets

If the Fund distributes Forked Assets in kind to the shareholders (or to an agent of the shareholders), the Fund will recognize gain (if any) as if it had sold the Forked Assets for their fair market value on the date of the distribution. As discussed above, any such gain will be reported on the Fund's PFIC Annual Information Statements for the year in which the distribution occurs. For U.S. federal income tax purposes, the shareholders will be treated as receiving a distribution from the Fund in an amount equal to the fair market value of the Forked Assets on the date of the distribution, without regard to whether the distribution is made directly to the shareholders or to an agent on behalf of the shareholders. For the consequences of any such distribution to a U.S. Investor, see "—U.S. Investors in the Fund."

Upon the sale or other disposition of such distributed Forked Assets by the shareholders' agent, a U.S. Investor will recognize gain or loss in an amount equal to the difference between (i) the fair market value of the U.S. Investor's share of such Forked Assets (which, in the case of a sale by such agent, generally will be equal to the U.S. Investor's share of the cash proceeds received by the agent, reduced by the U.S. Investor's share of any selling expenses incurred by the agent on such U.S. Investor's behalf) and (ii) the U.S. Investor's basis in its share of such Forked Assets (which generally will be equal to the fair market value of the U.S. Investor's share of such Forked Assets on the date of the distribution by the Fund). In general, such gain or loss will be short-term capital gain or loss if the sale or other disposition occurs within one year after the Fund's in-kind distribution of the Forked Assets and will be long-term capital gain or loss if the sale or other disposition occurs more than one year after such in-kind distribution. The deductibility of capital losses is subject to significant limitations.

Tax-Exempt Investors in the Fund

In general, Tax-Exempt Investors are subject to U.S. federal income taxation with respect to any unrelated business taxable income ("UBTI") they derive. UBTI generally does not include certain specified types of income, including dividends or gains from the sale, exchange or other disposition of property other than inventory or property held primarily for sale to customers in the ordinary course of a trade or business. However, UBTI includes "unrelated debt-financed income," which is generally defined as any income derived from property in respect of which "acquisition indebtedness" is outstanding, even if the income would otherwise be excluded in computing UBTI.

In general, a Tax-Exempt Investor's income from an investment in the Fund should not be treated as resulting in UBTI, provided that the Tax-Exempt Investor's acquisition of its Shares is not debt-financed. Specifically, a Tax-Exempt Investor's income from the Fund should not be treated as UBTI as a consequence of the Fund's recognition of any income that would be treated as UBTI if derived directly by the Tax-Exempt Investor, including the Fund's share of any income arising from a fork, airdrop or similar occurrence. If a Tax-Exempt Investor's acquisition of any Shares is debt-financed, all or a portion of such Tax-Exempt Investor's income attributable to such Shares will be included in UBTI. The portion of a Tax-Exempt Investor's income attributable to its Shares that is treated as UBTI will be subject to U.S. federal income tax as discussed in "—U.S. Investors in the Fund."

It is possible that the Fund is a PFIC. In addition, under certain circumstances, the Fund may be a CFC. A Tax-Exempt Investor will not be subject to income tax under the PFIC rules, and should not be subject to income tax under the CFC rules, if it is not otherwise taxable under the UBTI provisions with respect to its ownership of its Shares (i.e., because its investment in the Fund is debt-financed).

A charitable remainder trust is not subject to U.S. federal income taxation with respect to UBTI, but instead is subject to a U.S. federal excise tax equal to the entire amount of any UBTI it derives. In general, if the Fund is a PFIC or a CFC, U.S. beneficiaries of any Tax-Exempt Investor that is a charitable remainder trust will be treated for purposes of the PFIC rules and the CFC rules as owning their proportionate shares of such Tax-Exempt Investor's Shares for purposes of the regimes applicable to U.S. investors in PFICs and CFCs. Any such U.S. beneficiary could be subject to materially adverse tax consequences under the PFIC rules or the CFC rules. Upon request, the Fund will provide shareholders with information necessary to permit any such U.S. person to make a QEF Election with respect to the Fund. Any prospective shareholder that is a charitable remainder trust should consult its tax advisor regarding the advisability of an investment in the Fund.

Tax-Exempt Investors that are private foundations, or that are "applicable educational institutions" as defined in Section 4968 of the Code, should consult their tax advisors about the possible excise tax consequences to them of an investment in Shares.

Prospective Tax-Exempt Investors in the Fund should also read the discussion under the headings "—Information Reporting and Backup Withholding," "—Information Reporting by Shareholders" and "—FATCA Tax" below.

Non-U.S. Investors in the Fund

Except as discussed below under "—FATCA Tax," a Non-U.S. Investor will not be subject to U.S. federal income or withholding tax on distributions received in respect of its Shares, on gains recognized on a sale or other disposition of its Shares or the sale of Forked Assets by an agent on its behalf.

It is possible that the Fund is a PFIC. In addition, under certain circumstances, the Fund may be a CFC. In general, if the Fund is a PFIC or a CFC, all or certain U.S. persons sufficiently related by equity ownership to a Non-U.S. Investor that is a corporation, partnership, trust or estate will be treated as owning their proportionate shares of the Non-U.S. Investor's Shares for purposes of the regimes applicable to U.S. investors in PFICs and CFCs. Treatment of a U.S. person as the owner of an equity interest in a PFIC or CFC could have materially adverse tax consequences for such person. Upon request, the Fund will provide shareholders with information necessary to permit any such U.S. person to make a QEF Election with respect to the Fund.

Prospective Non-U.S. Investors in the Fund should also read the discussion under the headings "—Information Reporting and Backup Withholding" and "—FATCA Tax" below.

Information Reporting and Backup Withholding

Payments of Fund dividends, and of proceeds from sales of Shares, that are made to a U.S. Investor within the United States or through certain U.S.-related financial intermediaries will generally be subject to U.S.

information reporting, and may be subject to U.S. backup withholding, unless (i) the U.S. Investor is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Investor provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Investor will be allowed as a credit against the U.S. Investor's U.S. federal income tax liability and may entitle the U.S. Investor to a refund, provided that the required information is timely furnished to the IRS.

In order to reduce or eliminate U.S. information reporting requirements and U.S. backup withholding in respect of distributions made by the Fund and proceeds from on a sale or other disposition of Shares, a Non-U.S. Investor must comply with certain certification requirements (generally, by delivering a properly executed IRS Form W-8BEN or W-8BEN-E to the Fund).

Information Reporting by Shareholders

U.S. Investors may be subject to various information reporting requirements as a consequence of an investment in the Fund. Failure to satisfy these requirements may result in substantial penalties. Certain U.S. federal information reporting requirements are summarized below, but this summary does not purport to provide an exhaustive list of such requirements. Tax-Exempt Investors may also be subject to these and other information reporting requirements as a consequence of an investment in the Fund. Prospective investors are urged to consult their tax advisors concerning the information reporting requirements to which they may be subject as a consequence of an investment in the Fund.

Unless a U.S. Investor who is an individual holds his or her Shares in a financial account maintained by a financial institution, the U.S. Investor will be required to report information relating to his or her ownership of Shares on IRS Form 8938 for each taxable year in which he or she holds interests in "specified foreign financial assets," as defined in Section 6038D of the Code, including Shares, with an aggregate value in excess of an applicable threshold amount. Certain U.S. Investors that are entities may be subject to similar rules.

If the Fund is a PFIC, a U.S. Investor will generally be required to file IRS Form 8621 with respect to the Fund for each year in which it holds its Shares. Any U.S. Investor that (a) acquires (whether in one or more transactions) a 10% or greater interest in the Fund (determined by applying certain attribution rules) or (b) reduces its interest in the Fund to less than 10% will generally be required to file IRS Form 5471. Additional reporting requirements will apply to any U.S. Investor owning a 10% or greater interest in the Fund (determined by applying certain attribution rules) if the Fund is a CFC.

A direct or indirect participant in any "reportable transaction" must disclose its participation to the IRS on IRS Form 8886. Furthermore, a "material advisor" to a reportable transaction is required to maintain a list of each person with respect to whom such advisor acted as a material advisor and to disclose to the IRS certain other information regarding the transaction. For purposes of the disclosure rules, a U.S. person that owns at least 10% of the voting power or value of the shares of a CFC is generally treated as a participant in a reportable transaction in which the relevant foreign corporation participates. It is possible that the Fund will participate in one or more transactions that all or certain U.S. Investors would be required to report if the Fund were a CFC. A U.S. Investor also may be required to report a transfer of all or any portion of its Shares if it recognizes a loss on the transfer that equals or exceeds an applicable threshold amount. Certain states, including New York, have similar reporting requirements.

FATCA Tax

Under certain provisions of the Code and Treasury regulations promulgated thereunder (commonly referred to as "FATCA"), as well as certain intergovernmental agreements between the United States and certain other countries (including the Cayman Islands) together with expected local country implementing legislation, certain payments made in respect of the Shares may be subject to withholding ("FATCA withholding").

The Fund (or a relevant intermediary) may be required to impose FATCA withholding on payments in respect of the Shares to the extent that such payments are “foreign passthru payments,” made to non-U.S. financial institutions (including intermediaries) that have not entered into agreements with the IRS pursuant to FATCA or otherwise established an exemption from FATCA, and other shareholders that fail to provide sufficient identifying information to the Fund or any relevant intermediary. The term “*foreign passthru payment*” is not yet defined. It is not clear whether and to what extent payments on the Shares will be considered foreign passthru payments subject to FATCA withholding or how intergovernmental agreements will address foreign passthru payments (including whether withholding on foreign passthru payments will be required under such agreements). Withholding on foreign passthru payments will not apply prior to the date that is two years after the publication of the final regulations defining “*foreign passthru payments*”. Shareholders should consult their tax advisors as to how these rules may apply to payments they receive under the Shares.

ERISA AND RELATED CONSIDERATIONS

General

The following section sets forth certain consequences under ERISA and the Code which a fiduciary of an “employee benefit plan” as defined in and subject to the fiduciary responsibility provisions of ERISA, or of a “plan” as defined in and subject to Section 4975 of the Code, who has investment discretion should consider before deciding to acquire shares with plan assets in the Fund (such “employee benefit plans” and “plans” being referred to herein as “Plans,” and such fiduciaries with investment discretion being referred to herein as “Plan Fiduciaries”). The following summary is not intended to be complete, but only to address certain questions under ERISA and the Code that are likely to be raised by the Plan Fiduciary’s own counsel.

* * * *

In general, the terms “employee benefit plan” as defined in ERISA and “plan” as defined in Section 4975 of the Code together refer to any plan or account of various types which provides retirement benefits or welfare benefits to an individual or to an employer’s employees and their beneficiaries. Such plans and accounts include, but are not limited to, corporate pension and profit sharing plans, “simplified employee pension plans,” Keogh plans for self-employed individuals (including partners), individual retirement accounts described in Section 408 of the Code and medical benefit plans.

Each Plan Fiduciary must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Fund, including the role an investment in the Fund plays in the Plan’s investment portfolio. Each Plan Fiduciary must be satisfied that investment in the Fund is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Fund, are diversified so as to minimize the risks of large losses and that an investment in the Fund complies with the documents of the Plan and related trust and that an investment in the Fund does not give rise to a transaction prohibited by Section 406 of ERISA or Section 4975 of the Code.

EACH PLAN FIDUCIARY CONSIDERING ACQUIRING SHARES MUST CONSULT ITS OWN LEGAL AND TAX ADVISORS BEFORE DOING SO.

Restrictions on Investments by Benefit Plan Investors

ERISA and a regulation issued thereunder contain rules for determining when an investment by a Plan in an entity will result in the underlying assets of the entity being deemed assets of the Plan for purposes of ERISA and Section 4975 of the Code (*i.e.*, “plan assets”). Those rules provide that assets of an entity will not be plan assets of a Plan that purchases an interest therein if the investment in the entity by all “benefit plan investors” is not “significant” or certain other exceptions apply. The term “benefit plan investors” includes all Plans (*i.e.*, all “employee benefit plans” as defined in and subject to the fiduciary responsibility provisions of ERISA and all “plans” as defined in and subject to Section 4975 of the Code) and all entities that hold “plan assets” (each, a “Plan Assets Entity”) due to investments made in such entities by already described benefit plan investors. ERISA provides that a Plan Assets Entity is considered to hold plan assets only to the extent of the percentage of the Plan Assets Entity’s equity interests held by benefit plan investors. In addition, all or part of an investment made by an insurance company using assets from its general account may be treated as a benefit plan investor. Investments by benefit plan investors will be deemed not significant if benefit plan investors own, in the aggregate, less than 25% of the total value of each class of equity interests of the entity (determined by not including the investments of persons with discretionary authority or control over the assets of such entity, of any person who provides investment advice for a fee (direct or indirect) with respect to such assets, and “affiliates” (as defined in the regulations issued under ERISA) of such persons; provided, however, that under no circumstances are investments by benefit plan investors excluded from such calculation).

In order to avoid causing assets of the Fund to be “plan assets,” the Manager intends to restrict the aggregate investment by “benefit plan investors” to under 25% of the total value of the Shares of the Fund (not including

the investments of the Manager, the distributor, any other person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Fund, any other person who has discretionary authority or control over the assets of the Fund, and any entity (other than a benefit plan investor) that is directly or indirectly through one or more intermediaries controlling, controlled by or under common control with any of such entities (including a partnership or other entity for which the Manager is the general partner, managing member, investment advisor or provides investment advice), and each of the principals, officers, and employees of any of the foregoing entities who has the power to exercise a controlling influence over the management or policies of such entity or the Fund). Furthermore, because the 25% test is ongoing, it not only restricts additional investments by benefit plan investors, but also can cause the Manager to require that existing benefit plan investors redeem from the Fund in the event that other investors redeem their Shares. If rejection of subscriptions or such compulsory redemptions are necessary, as determined by the Manager, to avoid causing the assets of the Fund to be “plan assets,” the Manager will effect such rejections or redemptions in such manner as the Manager, in its sole discretion, determines.

Ineligible Purchasers

In general, Shares may not be purchased with the assets of a Plan if the Manager, the distributor, any placement agent, any of their respective affiliates or any of their respective employees either: (i) has investment discretion with respect to the investment of such Plan assets; (ii) has authority or responsibility to give or regularly gives investment advice with respect to such Plan assets, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such Plan assets and that such advice will be based on the particular investment needs of the Plan; or (iii) is an employer maintaining or contributing to such Plan. A party that is described in clause (i) or (ii) of the preceding sentence is a fiduciary under ERISA and the Code with respect to the Plan, and any such purchase might result in a “prohibited transaction” under ERISA and the Code.

Except as otherwise set forth, the foregoing statements regarding the consequences under ERISA and the Code of an investment in the Fund are based on the provisions of the Code and ERISA as currently in effect, and the existing administrative and judicial interpretations thereunder. No assurance can be given that administrative, judicial or legislative changes will not occur that may make the foregoing statements incorrect or incomplete.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF PLANS IS IN NO RESPECT A REPRESENTATION BY THE MANAGER OR ANY OTHER PARTY RELATED TO THE FUND THAT THIS INVESTMENT MEETS THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN OR THAT THIS INVESTMENT IS APPROPRIATE FOR ANY PARTICULAR PLAN. THE PERSON WITH INVESTMENT DISCRETION SHOULD CONSULT WITH HIS OR HER ATTORNEY AND FINANCIAL ADVISORS AS TO THE PROPRIETY OF AN INVESTMENT IN THE FUND, IN LIGHT OF THE CIRCUMSTANCES OF THE PARTICULAR PLAN.

REGULATORY CONSIDERATIONS

United States

Government Oversight

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, SEC, CFTC, FINRA, the Consumer Financial Protection Bureau (“CFPB”), the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS and state financial institution regulators) have been examining the operations of Digital Asset Networks, digital asset users and the Digital Asset Exchange Markets, with particular focus on the extent to which digital assets can be used to launder the proceeds of illegal activities or fund criminal or terrorist enterprises and the safety and soundness of exchanges or other service providers that hold digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. In addition, federal and state agencies, and other countries have issued rules or guidance about the treatment of digital asset transactions or requirements for businesses engaged in digital asset activity.

In addition, the SEC, U.S. state securities regulators and several foreign governments have issued warnings that digital assets sold in initial coin offerings may be classified as securities and that both those digital assets and initial coin offerings may be subject to securities regulations. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the nature of an investment in the Shares or the ability of the Fund to continue to operate. Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against virtual currency businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from virtual currency activity.

In July 2019, U.S. Treasury Secretary Steven Mnuchin stated that he had “very serious concerns” about digital assets. Secretary Mnuchin indicated that one source of concern is digital assets’ potential to be used to fund illicit activities. Secretary Mnuchin has indicated that the U.S. Financial Crimes Enforcement Network is planning to release new requirements relating to digital asset activities in the first half of 2020. As of the date of this Information Statement, no such requirements have been released. See “Risk Factors—Risk Factors Related to the Regulation of the Fund and the Shares—Regulatory changes or actions may affect the value of the Shares or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Exchange Market in a manner that adversely affects the value of the Shares.”

Law enforcement agencies have often relied on the transparency of blockchains to facilitate investigations. Europol, the European Union’s law enforcement agency, released a report in October 2017 noting the increased use of privacy-preserving digital assets like Zcash and Monero in criminal activity on the internet and in May 2018 it was reported that Japan’s Financial Service Agency has been pressuring Japanese Digital Asset Exchanges to delist privacy-preserving digital assets. Although no regulatory action has been taken to treat Zcash, Monero or other privacy-preserving digital assets differently, this may change in the future.

Various foreign jurisdictions have, and may continue to, in the near future, adopt laws, regulations or directives that affect the Digital Asset Networks, the Digital Asset Markets, and their users, particularly Digital Asset Exchanges and service providers that fall within such jurisdictions’ regulatory scope. For example, on March 5, 2020, South Korea voted to amend its Financial Information Act to require virtual asset service providers to register and comply with its AML and counter-terrorism funding framework. These measures also provide the government with the authority to close Digital Asset Exchanges that do not comply with specified processes. The Chinese and South Korean governments have also banned initial coin offerings and there are reports that Chinese regulators have taken action to shut down a number of China-based Digital Asset Exchanges. Further, on January 19, 2018, a Chinese news organization reported that the People’s Bank of China had ordered financial institutions to stop providing banking or funding to “any activity related to cryptocurrencies.” Similarly, in April 2018, the Reserve Bank of India banned the entities it regulates from providing services to any individuals or business entities dealing with or settling digital assets. On March 5,

2020, this ban was overturned in the Indian Supreme Court, although the Reserve Bank of India is currently challenging this ruling. There remains significant uncertainty regarding the South Korean, Indian and Chinese governments' future actions with respect to the regulation of digital assets and Digital Asset Exchanges. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of one or more digital assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the digital asset economy in the European Union, China, Japan, Russia and the United States and globally, or otherwise negatively affect the value of digital assets held by the Fund.

In October 2020, the United Kingdom's Financial Conduct Authority published final rules banning the sale of derivatives and exchange traded notes ("ETNs") that reference certain types of digital assets, contending that they are "ill-suited" to retail investors citing extreme volatility, valuation challenges and association with financial crime. In addition to ETNs, the ban affects financial products including contracts for difference, options and futures. See "Risk Factors—Risk Factors Related to the Regulation of the Fund and the Shares—Regulatory changes or actions may affect the value of the Shares or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Exchange Market in a manner that adversely affects the value of the Shares."

The effect of any future regulatory change on the Fund or the digital assets held by the Fund is impossible to predict, but such change could be substantial and adverse to the Fund and the value of the Shares.

Cayman Islands

Anti-Money Laundering and Countering of Terrorist and Proliferation Financing

In order to comply with legislation or regulations aimed at the prevention of money laundering and the countering of terrorist and proliferation financing the Fund is required to adopt and maintain procedures, and may require prospective investors to provide evidence to verify their identity, the identity of their beneficial owners/controllers (where applicable), and source of funds. Where permitted, and subject to certain conditions, the Fund may also rely upon a suitable person for the maintenance of these procedures (including the acquisition of due diligence information) or otherwise delegate the maintenance of such procedures to a suitable person (a "Relevant AML Person").

The Fund, or the Relevant AML Person on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a prospective investor (i.e. a subscriber for or a transferee of interests in the Fund) and the identity of their beneficial owners/controllers (where applicable), and their source of subscription funds. Where the circumstances permit, the Fund, or the Relevant AML Person on the Fund's behalf, may be satisfied that full due diligence is not required upon subscription where a relevant exemption applies under applicable law. However, detailed verification information may be required prior to the payment of any proceeds in respect of, or any transfer of, an interest in the Fund.

In the event of delay or failure on the part of the prospective investor in producing any information required for verification purposes, the Fund, or the Relevant AML Person on the Fund's behalf, may refuse to accept the application, or if the application has already occurred, may suspend or redeem the interest, in which case any funds received will, to the fullest extent permitted by applicable law, be returned without interest to the account from which they were originally debited.

The Fund or the Relevant AML Person on the Fund's behalf, also reserves the right to refuse to make any redemption or distribution payment to a holder of Fund interests if the Fund or the Relevant AML Person on the Fund's behalf suspect or are advised that the payment of redemption or distribution proceeds to such interest holder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Relevant AML Person with any applicable laws or regulations.

The Authority has a discretionary power to impose substantial administrative fines upon the Fund in connection with any breaches by the Fund of prescribed provisions of the Anti-Money Laundering Regulations (2020 Revision) of the Cayman Islands, as amended and revised from time to time, and upon any manager or officer of the Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Fund, the Fund will bear the costs of such fine and any associated proceedings.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands (“FRA”), pursuant to the Proceeds of Crime Law (2020 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA pursuant to the Terrorism Law (2018 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Investors may obtain details (including contact details) of the current AML Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer of the Fund, by contacting the Manager.

Sanctions

The Fund is subject to laws that restrict it from dealing with entities, individuals, organisations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the Fund will require the subscriber to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorised persons (“Related Persons”) (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) or pursuant to European Union (“EU”) and/or United Kingdom (“UK”) Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument), (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) (collectively, a “Sanctions Subject”).

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the Fund may be required immediately and without notice to the subscriber to cease any further dealings with the subscriber and/or the subscriber’s interest in the Fund until the subscriber or the relevant Related Person (as applicable) ceases to be a Sanctions Subject, or a licence is obtained under applicable law to continue such dealings (a “Sanctioned Persons Event”). The Fund and the Manager shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the subscriber cease any further dealings with that investment until the applicable sanctions are lifted or a licence is obtained under applicable law to continue such dealings.

Private Funds Law Regulation

The Fund is registered and regulated as a private fund under the Private Funds Law, 2020 (the “Private Funds Law”) of the Cayman Islands. The Cayman Islands Monetary Authority (the “Authority”) has supervisory and enforcement powers to ensure the Fund’s compliance with the Private Funds Law. Regulation under the Private Funds Law will entail the filing of prescribed details and audited accounts annually with the Authority. As a regulated private fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies or to provide a one-off or periodic report to the Authority on certain matters requested by the Authority in the connection with the private fund in such form and within such time as the Authority specifies. In addition the Authority may ask the Manager to give the Authority such documents, statements or other information in respect of the Fund as the Authority may reasonably require to enable it to carry out its duty under the Private Funds Law.

However, as a regulated private fund the Fund will not be subject to supervision in respect of its investment activities or the constitution of its investment assets by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances.

The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up of its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the Manager, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

The costs of registration of the Fund in the Cayman Islands and any costs, including legal costs and any registration or other fees payable to the Authority or any other governmental authority in the Cayman Islands, shall be an expense of the Fund.

Neither the Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms of this document or the merits of an investment in the Fund. There is no investment compensation scheme available in the Cayman Islands to investors.

Beneficial Ownership Regime

The Fund is registered as a private fund under the Private Funds Law and, accordingly, does not fall within the scope of the primary obligations under Part 12 of the Limited Liability Companies Law (2020 Revision) (the “Law”) (the “Beneficial Ownership Regime”). The Fund is therefore not required to maintain a beneficial ownership register. The Fund may, however, be required from time to time to provide, on request, certain particulars to other Cayman Islands entities which are within the scope of the Beneficial Ownership Regime and which are therefore required to maintain beneficial ownership registers under the Beneficial Ownership Regime. It is anticipated that such particulars will generally be limited to the identity and certain related particulars of (i) any person holding (or controlling through a joint arrangement) a majority of the voting rights in respect of the Fund; (ii) any person who is a member of the Fund and who has the right to appoint and remove a majority of the managers of the Fund; and (iii) any person who has the right to exercise, or actually exercises, dominant direct influence or control over the Fund.

EXPERTS

The financial statements as of and for each of the years ended June 30, 2020 and 2019 in this Information Statement have been audited by Friedman LLP, an independent registered public accounting firm, as stated in their report, which included an explanatory paragraph regarding risks associated with an investment in Fund Components, appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

The Manager has filed on behalf of the Fund a registration statement on Form 10 with the SEC under the Securities Act. This Information Statement does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund or the Shares, please refer to the registration statement, which you may inspect, without charge, at the public reference facilities of the SEC at the below address or online at www.sec.gov, or obtain at prescribed rates from the public reference facilities of the SEC at the below address. Information about the Fund and the Shares can also be obtained from the Fund's website. The internet address of the Fund's website will be <https://grayscale.co/digital-large-cap/>. This internet address is only provided here as a convenience to you to allow you to access the Fund's website, and the information contained on or connected to the Fund's website is not part of this Information Statement or the registration statement of which this Information Statement is part.

The Fund is subject to the informational requirements of the Exchange Act and the Manager, on behalf of the Fund, will file quarterly and annual reports and other information with the SEC. The reports and other information can be inspected online at www.sec.gov. Our reports are also available, free of charge, on our website at <https://grayscale.co/digital-large-cap/>. Information contained on our website does not constitute a part of this registration statement.

GLOSSARY OF DEFINED TERMS

In this Information Statement, each of the following quoted terms has the meanings set forth after such term:

“Actual Exchange Rate”—With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset for U.S. dollars (or other applicable fiat currency) at such time to enable the Fund to timely pay any Additional Fund Expenses, through use of the Manager’s commercially reasonable efforts to obtain the highest such price.

“Additional Fund Expenses”—Together, any expenses incurred by the Fund that are not Manager-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), (iii) any indemnification expenses of the Custodian or other agents, service providers or counterparties of the Fund, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

“Administrator Fee”—The fee payable to the any administrator for services it provides to the Fund, which the Manager will pay such administrator as a Manager-paid Expense.

“AEOI Regulations”—Cayman Islands regulations have been issued to give effect to the Automatic Exchange of Information, which consists of the U.S. IGA and the CRS.

“Affirmative Action”—A decision by the Fund to acquire or abandon specific Forked Assets at any time prior to the time of a creation of shares.

“Authorized Participant”—Certain eligible financial institutions that have entered into an agreement with the Fund and the Manager concerning the creation of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Manager and (iii) owns a digital wallet address that is known to the Custodian as belonging to the Authorized Participant.

“Basket”—A block of 100 Shares.

“Basket Amount”—The sum of (x) the Fund Component Basket Amounts for all Fund Components, (y) the Forked Asset Portion and (z) the Cash Portion, in each case, as of such trade date.

“Bitcoin” or **“BTC”**—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin network.

“Bitcoin Cash” or **“BCH”**—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin Cash network.

“Blockchain” or **“blockchain”**—The public transaction ledger of a Digital Asset Network on which miners or mining pools solve algorithmic equations allowing them to add records of recent transactions (called “blocks”) to the chain of transactions in exchange for an award of digital assets from the Digital Asset Network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added.

“Cash Account”—Any bank account of the Fund in which the Fund holds any portion of its U.S. dollars.

“Cash Portion”—For any trade date, the amount of U.S. dollars determined by dividing (x) the amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m.,

New York time) held by the Fund at 4:00 p.m., New York time, on such trade date by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“CEA”—Commodity Exchange Act of 1936, as amended.

“CFTC”—The U.S. Commodity Futures Trading Commission, an independent agency with the mandate to regulate commodity futures and option markets in the United States.

“Chainlink” or **“LINK”**—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“Code”—The U.S. Internal Revenue Code of 1986, as amended.

“Covered Person”—As defined in the section “Description of LLC Agreement —Fiduciary and Regulatory Duties of the Manager.”

“Creation Basket”—Basket of Shares issued by the Fund in exchange the transfer of the Total Basket Amount required for each such Creation Basket.

“Creation Time”—With respect to the creation of any Shares by the Fund, the time at which the Fund creates such Shares.

“Custodial Services”—The Custodian’s services that (i) allow digital assets to be deposited from a public blockchain address to the Fund’s Digital Asset Accounts and (ii) allow the Fund and the Manager to withdraw digital assets from the Fund’s Digital Asset Accounts to a public blockchain address the Fund or the Manager controls pursuant to instructions the Fund or Manager provides to the Custodian.

“Custodian”—Coinbase Custody Trust Company, LLC.

“Custodian Fee”—Fee payable to the Custodian for services it provides to the Fund, which the Manager shall pay to the Custodian as a Manager-paid Expense.

“Custodian Agreement”—The Custodial Services Agreement by and between the Fund, Manager and Custodian that governs the Fund’s and Manager’s use of the Custodial Services provided by the Custodian as a fiduciary with respect to the Fund’s assets.

“CRS”—the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard.

“Digital Asset Account”—Each segregated custody account controlled and secured by the Custodian to store private keys of the Fund, which allow for the transfer of ownership or control of the Fund’s digital assets on the Fund’s behalf.

“Digital Asset Benchmark Exchange”—A digital asset benchmark exchange that represents at least 10% of the aggregate trading volume of the Digital Asset Exchange Market for the applicable digital asset during the last 30 consecutive calendar days and that to the knowledge of the Manager is in substantial compliance with the laws, rules and regulations, including any anti-money laundering and know-your-customer procedures. If there are fewer than three individual Digital Asset Benchmark Exchanges each of which represent at least 10% of the aggregate trading volume on the Digital Asset Exchange Market for the applicable digital asset during the last 30 consecutive calendar days, then the Digital Asset Benchmark Exchanges for the applicable digital asset that will serve as the basis for the Digital Asset Reference Rate calculation will be those Digital Asset Benchmark Exchanges that meet the above-described requirements.

“Digital Asset Exchange”—An electronic marketplace where exchange participants may trade, buy and sell digital assets based on bid-ask trading. The largest Digital Asset Exchanges are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Digital Asset Exchange Market”—The global exchange market for the trading of digital assets, which consists of transactions on electronic Digital Asset Exchanges.

“Digital Asset Holdings”—The aggregate value, expressed in U.S. dollars, of the Fund’s assets, less the U.S. dollar value of its liabilities and expenses calculated in the manner set forth under “Valuation of Digital Assets and Determination of Digital Asset Holdings”. See also “Key Operating Metrics” for a description of the Fund’s NAV, as calculated in accordance with GAAP.

“Digital Asset Holdings Fee Basis Amount”—The U.S. dollar value on which the Manager’s Fee accrues, as calculated in the manner set forth under “Valuation of Digital Assets and Determination of Digital Asset Holdings.”

“Digital Asset Market”—A dealer market, brokered market, principal-to-principal market or exchange market on which digital assets are bought and sold.

“Digital Asset Network”—The online, end-user-to-end-user network hosting a public transaction ledger, known as a Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing such Digital Asset Network. See “Overview of the Digital Asset Industry and Market.”

“Digital Asset Reference Rate”—With respect to any Fund Component (and, if possible, each Forked Asset) as of any business day, the volume-weighted average price in U.S. dollars of such Fund Component (and, if possible, each Forked Asset), as determined by reference to the Index Price or a Spot Price reported by TradeBlock, Inc. for such Fund Component (and, if possible, each Forked Asset) as of 4:00 p.m., New York time, on any business day.

“Distribution and Marketing Agreement”—The agreement among the Manager and the distributor and marketer, which sets forth the obligations and responsibilities of the distributor and marketer.

“DTC”—The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

“DTC Participant”—A direct participant in DTC, such as a bank, broker, dealer or trust company.

“Ether”, “Ethereum” or “ETH”—Ethereum tokens, which are a type of digital currency based on an open-source cryptographic protocol existing on the Ethereum network.

“Ether Classic”, “Ethereum Classic” or “ETC”—Ethereum Classic tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum Classic network.

“Exchange Act”—The Securities Exchange Act of 1934, as amended.

“FDIC”—The Federal Deposit Insurance Corporation.

“FinCEN”—The Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury.

“FINRA”—The Financial Industry Regulatory Authority, Inc., which is the primary regulator in the United States for broker-dealers, including Authorized Participants.

“Forked Asset”—Any asset other than cash that is held by the Fund at any time other than a Fund Component, including (i) any right, arising from a fork, airdrop or similar occurrence, to acquire (or otherwise establish dominion and control over) any digital asset or other asset or right and (ii) any digital asset or other asset or right acquired by the Fund through the exercise of a right described in the preceding clause (i), in each case, until such time as the Manager designates such asset as a Fund Component.

“Forked Asset Portion”—For any Trade Date, the amount of U.S. dollars determined by dividing (x) the aggregate value in U.S. dollars of the Fund’s Forked Assets at 4:00 p.m., New York time, on such Trade Date (calculated, to the extent possible, by reference to Digital Asset Reference Rates) by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“FRA”—The Financial Reporting Authority of the Cayman Islands.

“Fund Accounts”—The Cash Account and the Digital Asset Accounts, collectively.

“Fund Component”—A digital asset designated as such by the Manager in accordance with the policies and procedures set forth in this Information Statement.

“Fund Component Aggregate Liability Amount”—For any Fund Component and any trade date, a number of tokens of such Fund Component equal to the sum of (x) all accrued but unpaid Fund Component Fee Amounts for such Fund Component as of 4:00 p.m., New York time, on such trade date and (y) the Fund Component Expense Amount as of 4:00 p.m., New York time, on such trade date.

“Fund Component Basket Amount”—As of any trade date, the number tokens of such Fund Component required to be delivered in connection with each Creation Basket, as determined by dividing the number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date, after deducting the applicable Fund Component Aggregate Liability Amount, by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained for the Fund Component by 100.

“Fund Component Fee Amount”—For any day, the number of tokens of each Fund Component payable as the Manager’s Fee.

“Fund Construction Criteria”—The criteria that a digital asset must meet to be eligible for inclusion in the Fund’s portfolio, which, as of the date of this Information Statement, consist of both size and liquidity requirements.

“Fund Documents”—The LLC Agreement and Custodian Agreement, collectively.

“GAAP”—United States generally accepted accounting principles.

“Genesis”—Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc., which as of the date of this Information Statement is the only acting Authorized Participant.

“ICO”—Initial coin offering.

“Index License Agreement”—The license agreement entered into by the Reference Rate Provider and the Manager governing the Manager’s use of data collected from the Digital Asset Exchanges trading digital assets selected by the Reference Rate Provider for calculation of the Digital Asset Reference Rates.

“Index Price”—The volume-weighted average price in U.S. dollars of a digital asset derived from the Digital Asset Exchanges that are reflected in an index developed by the Reference Rate Provider, calculated at 4:00 p.m., New York time, on each business day.

“Investment Advisers Act”—U.S. Investment Advisers Act of 1940, as amended.

“Investment Company Act”—U.S. Investment Company Act of 1940, as amended.

“Investor”—Any investor that has entered into a subscription agreement with an Authorized Participant, pursuant to which such Authorized Participant will act as agent for the investor.

“IRS”—The U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury.

“Litecoin” or **“LTC”**—Litecoin tokens, which are a type of digital currency based on an open-source cryptographic protocol existing on the Litecoin network.

“LLC Agreement”—The Second Amended and Restated Limited Liability Company Agreement establishing and governing the operations of the Fund, as the same may be amended from time to time.

“LLC Law”—Limited Liability Companies Law, 2018 of the Cayman Islands (as amended or any successor statute thereto).

“Manager”—Grayscale Investments, LLC, or any substitute therefor as provided herein, or any successor thereto by merger or operation of law.

“Manager-paid Expenses”—The fees and expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, that the Manager is obligated to assume and pay, including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) fees for the Custodian and any other security vendor engaged by the Fund (iv) the Transfer Agent Fee, (v) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given Fiscal Year, (vi) ordinary course legal fees and expenses, (vii) audit fees, (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands, (ix) printing and mailing costs, (x) costs of maintaining the Fund’s website and (xi) applicable license fees with respect to the Fund.

“Manager’s Fee”—A fee that accrues daily in U.S. dollars at an annual rate of 2.5% of the Fund’s Digital Asset Holdings Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the Fund Components then held by the Fund in proportion to such Fund Components’ respective Weightings. For any day that is not a business day or in a Rebalancing Period, the Manager’s Fee will accrue in U.S. dollars at a rate of 2.5% of the most recently calculated Digital Asset Holdings Fee Basis Amount of the Fund. The Manager’s Fee is payable to the Manager monthly in arrears.

“Marketing Fee”—Fee payable to the marketer for services it provides to the Fund, which the Manager will pay to the marketer as a Manager-paid Expense.

“NAV”—The net asset value of the Fund determined on a GAAP basis.

“OTCQX”—The OTCQX tier of the OTC Markets Group Inc.

“Participant Agreement”—An agreement entered into by an Authorized Participant with the Manager that provides the procedures for the creation of Baskets and for the delivery of digital assets required for Creation Baskets.

“Prospective Abandonment”—The abandonment by the Fund, irrevocably for no direct or indirect consideration, all Forked Assets to which the Fund would otherwise be entitled, effective immediately prior to a Creation Time.

“Prospective Abandonment Notice”—A notice delivered by the Manager to the Custodian, on behalf of the Fund, stating that the Fund is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time, all Forked Assets to which it would otherwise be entitled as of such time and with respect to which the Fund has not taken any Affirmative Action at or prior to such time.

“Rebalancing Period”—Any period during which the Manager reviews for rebalancing the Fund’s portfolio in accordance with the policies and procedures set forth in this Information Statement.

“Reference Rate Provider”—TradeBlock, Inc., a Delaware corporation that publishes the Digital Asset Reference Rate. DCG is the indirect parent company of TradeBlock, Inc. As a result, TradeBlock, Inc. is an affiliate of the Manager and the Fund and is considered a related party of the Fund.

“Rule 144”—Rule 144 under the Securities Act.

“SEC”—The U.S. Securities and Exchange Commission.

“Secondary Market”—Any marketplace or other alternative trading system, as determined by the Manager, on which the Shares may then be listed, quoted or traded, including but not limited to, OTCQX tier of the OTC Markets Group Inc.

“Securities Act”—The Securities Act of 1933, as amended.

“Securities Exchange Act” or **“Exchange Act”**—The Securities Exchange Act of 1934, as amended.

“Shares”—Equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund with such relative rights and terms as set out in the LLC Agreement.

“SIPC”—The Securities Investor Protection Corporation

“Spot Price”—A volume-weighted average price in U.S. dollars of a digital asset provided by the Reference Rate Provider for the immediately preceding 24-hour period as of 4:00 p.m., New York time, on each business day.

“Total Basket Amount”—The Basket Amount multiplied by the number of Baskets being created or redeemed.

“Transfer Agency and Service Agreement”—The agreement between the Manager and the Transfer Agent which sets forth the obligations and responsibilities of the Transfer Agent with respect to transfer agency services and related matters.

“Transfer Agent”—Continental Stock Transfer & Trust Company, a Delaware corporation.

“Transfer Agent Fee”—Fee payable to the Transfer Agent for services it provides to the Fund, which the Manager will pay to the Transfer Agent as a Manager-paid Expense.

“Treasury Regulations”—The regulations, including proposed or temporary regulations, promulgated under the Code.

“U.S.”—United States.

“U.S. dollar,” “USD” or **“\$”**—United States dollar or dollars.

“Weighting”—For any Fund Component, the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of such Fund Component.

“XRP”—XRP tokens, which are a type of digital asset based on a cryptographic protocol existing on the Ripple network. Effective January 4, 2021, the Fund removed XRP from the Fund’s portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings.

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GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF ASSETS AND LIABILITIES
(UNAUDITED)

	<u>December 31, 2020</u>	<u>June 30, 2020</u>
(Amounts in U.S. dollars, except Share amounts)		
Assets:		
Investments in digital assets, at fair value (cost \$99,631,769 and \$33,495,770 as of December 31, 2020 and June 30, 2020, respectively)	\$ 252,656,850	\$32,374,401
Total assets	<u>\$ 252,656,850</u>	<u>\$32,374,401</u>
Liabilities:		
Manager's Fee payable, related party	\$ —	\$ —
Total liabilities	<u>—</u>	<u>—</u>
Net assets	<u>\$ 252,656,850</u>	<u>\$32,374,401</u>
Net Assets consists of:		
Paid-in-capital	\$ 102,162,616	\$35,029,298
Accumulated net investment loss	(2,654,536)	(1,184,441)
Accumulated net realized gain (loss) on investments in digital assets	123,689	(349,089)
Accumulated net change in unrealized appreciation (depreciation) on investments in digital assets	153,025,081	(1,121,367)
	<u>\$ 252,656,850</u>	<u>\$32,374,401</u>
Shares issued and outstanding, no par value (unlimited Shares authorized)	15,392,800	6,029,000
Net asset value per Share	<u>\$ 16.41</u>	<u>\$ 5.37</u>

See accompanying notes to unaudited financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
SCHEDULES OF INVESTMENTS
(UNAUDITED)

December 31, 2020

	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Investment in Bitcoin	7,270.18054467	\$ 74,169,594	\$ 212,180,583	83.98%
Investment in Ethereum	42,030.07884163	15,795,632	31,311,989	12.39%
Investment in XRP	16,841,658.024325	5,520,979	3,705,164	1.47%
Investment in Bitcoin Cash	7,315.42095924	2,606,551	2,501,728	0.99%
Investment in Litecoin	23,756.01539239	1,539,013	2,957,386	1.17%
Net assets		<u>\$ 99,631,769</u>	<u>\$ 252,656,850</u>	<u>100.00%</u>

June 30, 2020

	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Investment in Bitcoin	2,890.95335771	\$ 22,059,705	\$ 26,406,229	81.57%
Investment in Ethereum	16,713.06457809	6,153,196	3,759,772	11.61%
Investment in XRP	6,697,006.684596	2,916,527	1,176,395	3.63%
Investment in Bitcoin Cash	2,908.94301800	1,576,599	643,283	1.99%
Investment in Litecoin	9,446.46857963	789,743	388,722	1.20%
Net assets		<u>\$ 33,495,770</u>	<u>\$ 32,374,401</u>	<u>100.00%</u>

See accompanying notes to unaudited financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
(Amounts in U.S. dollars)				
Investment income:				
Investment income	\$ —	\$ —	\$ —	\$ —
Expenses:				
Manager's Fee, related party	1,095,105	159,025	1,470,095	310,889
Net investment loss	<u>(1,095,105)</u>	<u>(159,025)</u>	<u>(1,470,095)</u>	<u>(310,889)</u>
Net realized and unrealized gain (loss) on investments in digital assets:				
Net realized gain (loss) on investments in digital assets	425,533	(40,412)	472,778	(94,268)
Net change in unrealized depreciation on Manager's Fee payable	—	—	—	57,198
Net change in unrealized appreciation (depreciation) on investments in digital assets	146,286,661	(3,652,299)	154,146,448	(10,556,070)
Net realized and unrealized gain (loss) on investments in digital assets	<u>146,712,194</u>	<u>(3,692,711)</u>	<u>154,619,226</u>	<u>(10,593,140)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 145,617,089</u>	<u>\$ (3,851,736)</u>	<u>\$ 153,149,131</u>	<u>\$ (10,904,029)</u>

See accompanying notes to unaudited financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENT OF CHANGES IN NET ASSETS
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
(Amounts in U.S. dollars, except change in Shares outstanding)				
Increase (decrease) in net assets from operations:				
Net investment loss	\$ (1,095,105)	\$ (159,025)	\$ (1,470,095)	\$ (310,889)
Net realized gain (loss) on investments in digital assets	425,533	(40,412)	472,778	(94,268)
Net change in unrealized depreciation on Manager's Fee payable	—	—	—	57,198
Net change in unrealized appreciation (depreciation) on investments in digital assets	146,286,661	(3,652,299)	154,146,448	(10,556,070)
Net increase (decrease) in net assets resulting from operations	145,617,089	(3,851,736)	153,149,131	(10,904,029)
Increase in net assets from capital share transactions:				
Shares issued	21,199,803	7,607,710	67,133,318	8,202,872
Net increase in net assets resulting from capital share transactions	21,199,803	7,607,710	67,133,318	8,202,872
Total increase (decrease) in net assets from operations and capital share transactions	166,816,892	3,755,974	220,282,449	(2,701,157)
Net assets:				
Beginning of period	85,839,958	16,164,926	32,374,401	22,622,057
End of period	<u>\$ 252,656,850</u>	<u>\$ 19,920,900</u>	<u>\$ 252,656,850</u>	<u>\$ 19,920,900</u>
Change in Shares outstanding:				
Shares outstanding at beginning of period	13,170,200	3,194,900	6,029,000	3,103,600
Shares issued	2,222,600	1,530,300	9,363,800	1,621,600
Net increase in Shares	2,222,600	1,530,300	9,363,800	1,621,600
Shares outstanding at end of period	<u>15,392,800</u>	<u>4,725,200</u>	<u>15,392,800</u>	<u>4,725,200</u>

See accompanying notes to unaudited financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
NOTES TO UNAUDITED FINANCIAL STATEMENTS

1. Organization

The Grayscale Digital Large Cap Fund LLC (the “Fund”) was constituted as a Cayman Islands limited liability company on January 25, 2018 (the inception of the Fund) and commenced operations on February 1, 2018. In general, the Fund will hold digital assets. A digital asset will be eligible for inclusion in the Fund’s portfolio if it satisfies market capitalization, liquidity and coverage criteria as determined by the Manager (as defined below). Digital assets will be held in the Fund’s portfolio on a market capitalization-weighted basis. At the inception of the Fund, the digital assets included in the Fund’s portfolio were: Bitcoin (“BTC”), Ethereum (“ETH”), XRP, Bitcoin Cash (“BCH”) and Litecoin (“LTC”) (collectively, the “Fund Components”). On a quarterly basis beginning on the first business day of January, April, July and October of each year, the Manager performs an analysis and may rebalance the Fund’s portfolio based on these results in accordance with policies and procedures as set forth in the Fund’s Limited Liability Company Agreement (the “LLC Agreement”). The Fund is authorized under the LLC Agreement to create and issue an unlimited number of equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund (“Shares”) (in minimum baskets of 100 Shares, referred to as “Baskets”) in connection with creations. The redemption of Shares is not currently contemplated and the Fund does not currently operate a redemption program. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The investment objective of the Fund is to hold the top digital assets by market capitalization and for the Shares to reflect the value of such Fund Components at any given time, less the Fund’s expenses and other liabilities.

From time to time, the Fund may hold cash in U.S. dollars and positions in digital assets as a result of a fork, airdrop or similar event through which the Fund becomes entitled to another digital asset or other property by virtue of its ownership of one or more of the digital assets it then holds (each such new asset, a “Forked Asset”).

Grayscale Investments LLC (“Grayscale” or the “Manager”) acts as the Manager of the Fund and is a wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”). The Manager is responsible for the day-to-day administration of the Fund pursuant to the provisions of the LLC Agreement. Grayscale is responsible for preparing and providing annual and quarterly reports on behalf of the Fund to investors and is also responsible for selecting and monitoring the Fund’s service providers. As partial consideration for the Manager’s services, the Fund pays Grayscale a Manager’s Fee as discussed in Note 7. The Manager also acts as the sponsor and manager of other investment products including Grayscale Bitcoin Trust (BTC) (OTCQX: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC) (OTCQX: LTCN), Grayscale Stellar Lumens Trust (XLM), and Grayscale Zcash Trust (ZEC), each of which is an affiliate of the Fund. The following investment products sponsored or managed by the Manager are also SEC reporting companies with their shares registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Grayscale Bitcoin Trust (BTC) and Grayscale Ethereum Trust (ETH).

Authorized Participants of the Fund are the only entities who may place orders to create or, if permitted, redeem Baskets. Genesis Global Trading, Inc. (“Genesis” or the “Authorized Participant”), a registered broker dealer and wholly owned subsidiary of DCG, is the only Authorized Participant and is party to a participant agreement with the Manager and the Fund. Additional Authorized Participants may be added at any time, subject to the discretion of the Manager.

The custodian of the Fund is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the Fund Components and Forked Assets held by the

Fund, and holding the private key(s) that provide access to the Fund's digital wallets and vaults. The Custodian Agreement is for an initial term of three years.

The transfer agent for the Fund (the "Transfer Agent") is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Fund's Shares which are primarily held in book-entry form.

On October 14, 2019, the Fund received notice that its Shares were qualified for public trading on the OTCQX U.S. Marketplace of the OTC Markets Group, Inc. ("OTCQX"). The Fund's trading symbol on OTCQX is "GDLC" and the CUSIP number for its Shares is G40705108. The Fund's previous trading symbol was "GDLCF" on OTCQX and was changed to "GDLC" on April 14, 2020.

On July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (reference number: 1688783).

2. Summary of Significant Accounting Policies

In the opinion of management of the Manager of the Fund, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position as of December 31, 2020 and June 30, 2020 and results of operations for the three and six months ended December 31, 2020 and 2019 have been made. The results of operations for the periods presented are not necessarily indicative of the results of operations expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2020 included in the Fund's Annual Report.

The following is a summary of significant accounting policies followed by the Fund:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The Fund qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, *Financial Services—Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not registered under the Investment Company Act of 1940. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Fund conducts its transactions in Fund Components, including receiving Fund Components for the creation of Shares and delivering Fund Components for the redemption of Shares and for the payment of the Manager's Fee. At this time, the Fund is not accepting redemption requests from shareholders. Since its inception, the Fund has not held cash or cash equivalents.

Principal Market and Fair Value Determination

To determine which market is the Fund's principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund's net asset value ("NAV"), the Fund follows ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components from the Authorized Participant and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to the Authorized Participant when assessing entity-specific

and market-based volume and level of activity for Digital Asset Markets. The Authorized Participant transacts in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB Master Glossary (collectively, “Digital Asset Markets”). The Authorized Participant, as a related party of the Manager, provides information about the Digital Asset Markets on which it transacts to the Fund.

In determining which of the eligible Digital Asset Markets is the Fund’s principal market, the Fund reviews these criteria in the following order:

First, the Fund reviews a list of each Digital Asset Markets and excludes any Digital Asset Markets that are non-accessible to the Fund and the Authorized Participant. The Fund or the Authorized Participant does not have access to Digital Asset Exchange Markets that do not have a BitLicense and has access only to non-Digital Asset Exchange Markets that the Authorized Participant reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Fund sorts the remaining Digital Asset Markets from high to low by entity-specific and market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.

Third, the Fund then reviews intra-day pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Fund then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Exchange Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the analysis, an Exchange Market has been selected as the Fund’s principal market for each Fund Component.

The Fund determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market’s trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market’s price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund’s determination of its principal market.

The cost basis of the investment in each Fund Component recorded by the Fund for financial reporting purposes is the fair value of the Fund Component at the time of transfer. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions, the payment of expenses in Fund Components or the sale of Fund Components when the Manager rebalances the Fund’s portfolio. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager’s Fee and selling Fund Component(s) when the Manager rebalances the Fund’s portfolio.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the ‘exit price’) in an orderly transaction between market participants at the measurement date.

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Fund.

	Amount at Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
December 31, 2020				
Assets				
Investments in digital assets	\$252,656,850	\$ —	\$252,656,850	\$ —
June 30, 2020				
Assets				
Investments in digital assets	\$ 32,374,401	\$ —	\$ 32,374,401	\$ —

3. Fair Value of Investments in Digital Assets

The Fund Components are held by the Custodian on behalf of the Fund and are carried at fair value. The following table represents the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Exchange Market considered to be its principal market, as determined by the Fund:

Fund Component	Principal Market	December 31, 2020	June 30, 2020
BTC	Coinbase Pro	\$ 29,185.05	\$ 9,134.09
ETH	Coinbase Pro	\$ 744.99	\$ 224.96
XRP	Coinbase Pro	\$ 0.22	\$ 0.18
BCH	Coinbase Pro	\$ 341.98	\$ 221.14
LTC	Coinbase Pro	\$ 124.49	\$ 41.15

The following represents the changes in quantity of each Fund Component and their respective fair values:

	<u>Quantity</u>	<u>Fair Value</u>
BTC balance at July 1, 2019	1,545.00887000	\$ 17,362,316
BTC contributed	1,423.77956922	11,195,250
BTC distributed for Manager's Fee, related party	(77.83508151)	(660,834)
Net change in unrealized depreciation on investment in BTC	—	(1,559,295)
Net realized gain on investment in BTC	—	68,792
BTC balance at June 30, 2020	<u>2,890.95335771</u>	<u>26,406,229</u>
BTC contributed	4,458.22511971	52,827,796
BTC distributed for Manager's Fee, related party	(78.99793275)	(1,168,973)
Net change in unrealized appreciation on investment in BTC	—	133,664,464
Net realized gain on investment in BTC	—	451,067
BTC balance at December 31, 2020	<u>7,270.18054467</u>	<u>\$ 212,180,583</u>

	<u>Quantity</u>	<u>Fair Value</u>
ETH balance at July 1, 2019	8,931.94399617	\$ 2,692,268
ETH contributed	8,231.09766296	1,486,074
ETH distributed for Manager's Fee, related party	(449.97708104)	(87,508)
Net change in unrealized depreciation on investment in ETH	—	(216,300)
Net realized loss on investment in ETH	—	(114,762)
ETH balance at June 30, 2020	<u>16,713.06457809</u>	<u>3,759,772</u>
ETH contributed	25,773.71397200	9,808,632
ETH distributed for Manager's Fee, related party	(456.69970846)	(203,712)
Net change in unrealized appreciation on investment in ETH	—	17,909,780
Net realized gain on investment in ETH	—	37,517
ETH balance at December 31, 2020	<u>42,030.07884163</u>	<u>\$ 31,311,989</u>

	Quantity	Fair Value
XRP balance at July 1, 2019	3,579,073.61054800	\$ 1,439,431
XRP contributed	3,298,241.09008900	830,441
XRP distributed for Manager's Fee, related party	(180,308.01604100)	(45,792)
Net change in unrealized depreciation on investment in XRP	—	(999,791)
Net realized loss on investment in XRP	—	(47,894)
XRP balance at June 30, 2020	6,697,006.68459600	1,176,395
XRP contributed	10,327,653.14534000	2,668,206
XRP distributed for Manager's Fee, related party	(183,001.80561100)	(59,308)
Net change in unrealized appreciation on investment in XRP	—	(75,683)
Net realized loss on investment in XRP	—	(4,446)
XRP balance at December 31, 2020	16,841,658.02432500	\$ 3,705,164

	Quantity	Fair Value
BCH balance at July 1, 2019	1,576.36869934	\$ 652,617
BCH contributed	1,432.63933393	345,848
BCH distributed for Manager's Fee, related party	(100.06501527)	(27,100)
Net change in unrealized depreciation on investment in BCH	—	(283,597)
Net realized loss on investment in BCH	—	(44,485)
BCH balance at June 30, 2020	2,908.94301800	643,283
BCH contributed	4,485.96745750	1,061,896
BCH distributed for Manager's Fee, related party	(79.48951626)	(21,119)
Net change in unrealized appreciation on investment in BCH	—	828,493
Net realized loss on investment in BCH	—	(10,825)
BCH balance at December 31, 2020	7,315.42095924	\$ 2,501,728

	Quantity	Fair Value
LTC balance at July 1, 2019	5,048.46535792	\$ 651,959
LTC contributed	4,652.33684958	241,342
LTC distributed for Manager's Fee, related party	(254.33362787)	(15,793)
Net change in unrealized depreciation on investment in LTC	—	(479,669)
Net realized loss on investment in Litecoin	—	(9,117)
LTC balance at June 30, 2020	9,446.46857963	388,722
LTC contributed	14,567.68016882	766,788
LTC distributed for Manager's Fee, related party	(258.13335606)	(16,983)
Net change in unrealized appreciation on investment in LTC	—	1,819,394
Net realized loss on investment in Litecoin	—	(535)
LTC balance at December 31, 2020	23,756.01539239	\$ 2,957,386

4. Portfolio Rebalancing

A digital asset will generally be eligible for inclusion in the Fund's portfolio if it satisfies market capitalization, liquidity and coverage criteria as determined by the Manager. Fund Components will be held in the Fund's portfolio on a market capitalization-weighted basis. Specifically, the Fund seeks to hold Fund Components that have market capitalizations that collectively comprise at least 70% of the market capitalization of the entire digital asset market (the "Target Coverage Ratio"). Market capitalization refers to a digital asset's market value, as determined by multiplying the number of tokens of such digital asset in circulation by the market price of a token of such digital asset. Because the Fund will create Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component will be calculated, and the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of such Fund Components (its "Weighting") will therefore fluctuate, daily in accordance with changes in the market price of such Fund Components.

On a quarterly basis beginning on the first business day of January, April, July and October of each year, the Manager performs an analysis and may rebalance the Fund's portfolio based on these results. In order to rebalance the Fund's portfolio, the Manager will (i) determine whether any Fund Components meet certain removal criteria and should therefore be removed from as Fund Components, (ii) determine whether any new digital assets meet certain inclusion criteria and should therefore be included as Fund Components, (iii) determine whether the Target Coverage Ratio is met and (iv) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer eligible for inclusion in the Fund's portfolio because it meets the Removal Criteria, the Manager will adjust the Fund's portfolio by selling such Fund Component and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Weightings.

If a digital asset not then included in the Fund's portfolio is newly eligible for inclusion in the Fund's portfolio because it meets the Inclusion Criteria or because its inclusion is necessary in order for the Fund's portfolio to meet the Target Coverage Ratio, the Manager will adjust the Fund's portfolio by selling tokens of the then-current Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

Each period during which the Manager is purchasing and selling digital assets in connection with a rebalancing is referred to as a “Rebalancing Period.” The Manager expects each Rebalancing Period to last between one and five business days. As of and during the periods ended December 31, 2020 and June 30, 2020, there have been no changes in the Fund Components’ market capitalization that would have required the Manager to rebalance the Fund’s portfolio.

5. Creations and Redemptions of Shares

At December 31, 2020 and June 30, 2020, there were an unlimited number of Shares authorized by the Fund. The Fund creates (and, should the Fund commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of tokens of each Fund Component to the Fund, or the distribution of tokens of each Fund Component by the Fund, plus cash representing the Forked Asset portion, if any, and the U.S. Dollar portion, if any. The number of tokens of each Fund Component required for each creation Basket or redemption Basket is determined by dividing (x) the total number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date of a creation or redemption order, after deducting the number of tokens of each Fund Component payable as the Manager’s Fee and the number of tokens of such Fund Component payable as a portion of Additional Fund Expenses (as defined in Note 7), by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 0.0005 of one BTC, 0.0027 of one ETH, 1.0941 of one XRP, 0.0005 of one BCH and 0.0015 of one LTC at December 31, 2020. Each Share represented approximately 0.0005 of one BTC, 0.0028 of one ETH, 1.1108 of one XRP, 0.0005 of one BCH and 0.0016 of one LTC at June 30, 2020.

The cost basis of investments in each Fund Component recorded by the Fund is the fair value of each Fund Component, as determined by the Fund, at 4:00 p.m., New York time, on the date of transfer to the Fund by the Authorized Participant based on the creation Baskets. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors. The Authorized Participant may realize significant profits buying, selling, creating, and, if permitted, redeeming Shares as a result of changes in the value of Shares or each Fund Component. In addition, the Authorized Participant may realize significant profits through the sale of digital assets during a Rebalancing Period.

At this time, the Fund is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. Further, before the Fund is able to effect redemptions, it will be required to meet the requirements of, and register with, the Cayman Islands Monetary Authority and be regulated as a mutual fund under the Mutual Funds Law, 2020 of the Cayman Islands.

6. Income Taxes

The Government of the Cayman Islands does not, and will not, under existing Cayman law, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes.

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes. The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive income that is treated as “effectively connected” with the conduct of a trade or business in the United States (“effectively connected income”) under the U.S. Internal Revenue Code and corresponding tax regulations (e.g., including under Sections 861 through 865). There can, however, be no complete assurance in this regard. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively

connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its “dividend equivalent amount,” as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business).

If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Due to the new and evolving nature of digital assets and a general absence of clearly controlling authority with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing, and character of income recognition) are uncertain. The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital assets will be treated as capital gains or losses. However, it is possible that the IRS will not agree with the Fund’s U.S. federal tax treatment of digital assets.

In accordance with GAAP, the Fund has defined the threshold for recognizing the benefits of tax positions in the financial statements as “more-likely than-not” to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the “more-likely than-not” threshold, based on the largest benefit that is more than 50% likely to be realized. Tax positions not deemed to meet the “more-likely than-not” threshold are recorded as a tax benefit or expense in the current period. As of and during the periods ended December 31, 2020 and June 30, 2020, the Fund did not have a liability for any unrecognized tax amounts. However, the Manager’s conclusions concerning its determination of “more likely than not” tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Manager of the Fund has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of December 31, 2020 or June 30, 2020.

7. Related Parties

The Fund considers the following entities, their directors and employees to be related parties of the Fund: DCG, Genesis, Grayscale, and TradeBlock, Inc. As of December 31, 2020 and June 30, 2020, 1,793,259 and 723,805 Shares of the Fund were held by related parties of the Fund, respectively.

The Manager’s parent, an affiliate of the Fund, holds a minority interest in Coinbase, Inc., the parent company of the Custodian, that represents less than 1.0% of Coinbase, Inc.’s ownership.

In accordance with the LLC Agreement governing the Fund, the Fund pays a fee to the Manager, calculated as 3.0% of the aggregate value of the Fund’s digital asset holdings, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Manager or its delegates (the “Manager’s Fee”). The Manager’s Fee accrues daily in U.S. dollars and is payable in Fund Components then held by the Fund in proportion to each Fund Component’s Weighting. The U.S. dollar amount of the Manager’s Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the U.S. dollar value for such Fund Component on such day. For purposes of these financial statements, the U.S. dollar value of Fund Components is determined by reference to the Digital Asset Exchange Market that the Fund considers its principal market as of 4:00 p.m., New York time, on each valuation date.

As partial consideration for receipt of the Manager's Fee, the Manager shall assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including marketing fee, the administrator fee, if any; custodian fees; transfer agent fees; trustee fees; the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands; printing and mailing costs; costs of maintaining the Fund's website and applicable license fees (together, the "Manager-paid Expenses"), provided that any expense that qualifies as an Additional Fund Expense will be deemed to be an Additional Fund Expense and not a Manager-paid Expense.

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses"). In such circumstances, the Manager or its delegate (i) will instruct the Custodian to withdraw from the digital asset accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. dollars or other fiat currencies at the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset or (y) cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind in satisfaction of such Additional Fund Expenses.

For the three months ended December 31, 2020 and 2019 the Fund incurred Manager's Fees of \$1,095,105 and \$151,864, respectively. For the six months ended December 31, 2020 and 2019, the Fund incurred Manager's Fees of \$1,470,095 and \$310,889, respectively. As of December 31, 2020 and June 30, 2020, there were no accrued and unpaid Manager Fees. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund, which are reimbursable by the Fund to the Manager. For the three and six months ended December 31, 2020 and 2019, the Manager did not pay any Additional Fund Expenses on behalf of the Fund.

8. Risks and Uncertainties

The Fund is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in digital assets. Investing in digital assets is currently highly speculative and volatile.

The net asset value of the Fund relates primarily to the value of the Fund Components, and fluctuations in the price of such Fund Components could materially and adversely affect an investment in the Shares of the Fund. The price of the Fund Components have a very limited history. During such history, the market price of such Fund Components have been volatile, and subject to influence by many factors including the levels of liquidity. If the Digital Asset Markets continue to experience significant price fluctuations, the Fund may experience losses. Several factors may affect the market price of the Fund Components, including, but not limited to, global supply and demand of such Fund Components, theft of such Fund Components from global exchanges or vaults, competition from other forms of digital assets or payments services, global or regional political, economic or financial conditions, and events and situations such as the novel coronavirus outbreak.

All digital asset networks are decentralized to an extent, meaning no single entity owns or operates them. Some digital asset networks, such as the BTC, BCH, ETH and LTC networks, are collectively maintained by a

decentralized user base. However, unlike other digital assets, XRP is not fully decentralized. Instead, the Ripple network's protocol is largely managed by a group of creators, Ripple Labs, Inc. ("Ripple Labs") and Ripple Labs will generally have control over amendments to, and the development of, the protocol's source code. To the extent that Ripple Labs makes any amendments to the Ripple network's protocol, the Ripple network will be subject to new protocols that may adversely affect the value of XRP. As a result of the foregoing, large sales by Ripple Labs could potentially have an adverse effect on the market price of XRP.

The Fund Components are commingled, and the Fund's shareholders have no specific rights to any specific Fund Component. In the event of the insolvency of the Fund, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for the Fund Components, nor is there a central or major depository for the custody of such Fund Components. There is a risk that some or all of the Fund Components could be lost or stolen. There can be no assurance that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund Components. Further, transactions in the Fund Components are irrevocable. Stolen or incorrectly transferred Fund Components may be irretrievable. As a result, any incorrectly executed Fund Component transactions could adversely affect an investment in the Shares.

The Securities and Exchange Commission (the "SEC") has stated that certain digital assets may be considered "securities" under the federal securities laws. The test for determining whether a particular digital asset is a "security" is complex and the outcome is difficult to predict. Public statements by senior officials at the SEC, including a June 2018 speech by the director of the SEC's division of Corporation Finance, indicate that the SEC does not intend to take the position that Bitcoin or Ether are currently securities. Such statements are not official policy statements by the SEC and reflect only the speaker's views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital asset. Further, Ripple Labs, Inc. ("Ripple"), the company that retains a key role in stewarding the development of XRP, is currently a defendant in a federal class-action lawsuit filed by certain XRP holders that alleges that XRP is a security issued by Ripple. In addition, in 2020 the SEC filed a complaint against the promoters of XRP alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. If a Fund Component is determined to be a "security" under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for such Fund Component.

For example, it may become more difficult for such Fund Component to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could in turn negatively affect the liquidity and general acceptance of such Fund Component and cause users to migrate to other digital assets. As such, any determination that a Fund Component is a security under federal or state securities laws may adversely affect the value of such Fund Component and, as a result, an investment in the Shares.

To the extent that a Fund Component is determined to be a security, the Fund and the Manager may also be subject to additional regulatory requirements, including under the Investment Company Act of 1940, and the Manager may be required to register as an investment adviser under the Investment Advisers Act of 1940. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

Unlike other digital assets, Ripple retains a central role in stewarding the development of the XRP ledger by managing the supply and distribution of XRP due to the large quantity of XRP it retains. As a result of Ripple's concentration of control, large distributions by Ripple in the future, the perception that these distributions may occur, or any failure to distribute XRP in the best interest of the Ripple network, could have an adverse effect on the market price of XRP and an investment in the Shares.

As with any computer network, digital asset networks are vulnerable to various kinds of attacks. For example, each digital asset network of the Fund Components is vulnerable to a “51% attack” where, if a malicious actor were to gain control of more than 50% of a network’s hash rate, it would be able to gain full control of the network and the ability to manipulate such network’s blockchain. In May 2019, the Bitcoin Cash network experienced a 51% attack when two mining pools combined their hash rates to reverse a block of transactions that rewarded tokens to an unknown actor who had taken advantage of an unrelated vulnerability in the Bitcoin Cash network. The Fund did not suffer any direct losses as a result of the attack. Although this particular attack could be interpreted as reversing a separate attack on the Bitcoin Cash network, the Bitcoin Cash network may be vulnerable to future 51% attacks that could result in a loss of confidence in the Bitcoin Cash network.

To the extent a private key required to access a Fund Component address is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund may be unable to access the relevant Fund Component controlled by the private key and the private key will not be capable of being restored by the network of such Fund Component. The processes by which the Fund Component transactions are settled are dependent on the peer-to-peer network of such Fund Component, and as such, the Fund is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of the Fund Component.

The Fund relies on third party service providers to perform certain functions essential to its operations. Any disruptions to the Fund’s or the Fund’s service providers’ business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs could have an adverse impact on the Fund’s ability to access critical services and would be disruptive to the operation of the Fund.

9. Financial Highlights Per Share Performance

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019 ¹	2020	2019
Per Share Data:				
Net asset value, beginning of period	\$ 6.52	\$ 5.06	\$ 5.37	\$ 7.29
Net increase in net assets from investment operations:				
Net investment loss	(0.08)	(0.04)	(0.13)	(0.08)
Net realized and unrealized gain (loss)	9.97	(0.80)	11.17	(2.99)
Net increase (decrease) in net assets resulting from operations	9.89	(0.84)	11.04	(3.07)
Net asset value, end of period	\$ 16.41	\$ 4.22	\$ 16.41	\$ 4.22
Total return	3921.75%	-50.03%	845.43%	-65.22%
Ratios to average net assets:				
Net investment loss	-3.00%	-3.00%	-3.00%	-3.00%
Expenses	-3.00%	-3.00%	-3.00%	-3.00%

Ratios of net investment loss and expenses to average net assets have been annualized.

An individual shareholder’s return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions.

Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period and assuming redemption on the last day of the period and has been annualized.

¹ Total return for the three months ended December 31, 2019 has been corrected as compared to the previously reported amount.

10. Indemnifications

In the normal course of business, the Fund enters into certain contracts that provide a variety of indemnities, including contracts with the Manager and affiliates of the Manager, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Fund. The Fund's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Manager does not consider it necessary to record a liability in this regard.

11. Subsequent Events

On December 21, 2020, the Manager announced that the Fund will reduce its management fee. Effective January 1, 2021, the Manager's Fee was lowered from 3.0% to 2.5%.

On December 30, 2020, the Authorized Participant of the Fund, announced that effective January 15, 2021, at 5:00 p.m. ET, it would temporarily suspend trading for XRP. According to the Fund's documentation, during the Fund's quarterly review, the Manager may determine to exclude a digital asset from the Fund's portfolio even if it meets the Fund's Inclusion Criteria, including, but not limited to, if the Authorized Participant does not have the ability to trade or otherwise support such digital asset. As a result, the Fund has removed XRP from the Fund's portfolio and sold the XRP holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings.

Prior to the sale of XRP on January 4, 2021, XRP was approximately 1.46% of the Fund. As of the end of the day on January 4, 2021, the Fund Components were a basket of 81.63% Bitcoin (BTC), 15.86% Ethereum (ETH), 1.08% Bitcoin Cash (BCH), and 1.43% Litecoin (LTC) and each Share represented 0.00047489 Bitcoin (BTC), 0.00287011 Ethereum (ETH), 0.00047537 Bitcoin Cash (BCH), and 0.00167314 Litecoin (LTC). The Fund does not generate any income and regularly distributes Fund Components to pay for its ongoing expenses. Therefore, the amount of Fund Components represented by each Share gradually decreases over time.

On January 5, 2021, CoinDesk, Inc., a leading news publication and data provider and a wholly owned subsidiary of DCG, announced that CoinDesk, Inc. acquired TradeBlock, Inc., the Reference Rate Provider for the Fund and the other investment products sponsored or managed by the Manager, on December 31, 2020.

As of the close of business on February 8, 2021 the fair value of each Fund Component, determined in accordance with the Fund's accounting policy, was \$44,220.37 per BTC, \$1,722.40 per ETH, \$477.19 per BCH and \$163.79 per LTC.

On April 6, 2021, the Manager of the Fund announced the updated Fund Component weightings for the Fund in connection with its quarterly review. The Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Chainlink (LINK) in accordance with the Fund's construction criteria.

As of the end of the day on April 2, 2021, the Fund Components were a basket of 80.5% BTC, 16.8% ETH, 0.80% BCH, 1.0% LTC and 0.9% LINK and each Share represented 0.0005 BTC, 0.0029 ETH, 0.0005 BCH, 0.0017 LTC and 0.0097 LINK. The Fund does not generate any income and regularly distributes Fund Components to pay for its ongoing expenses. Therefore, the amount of Fund Components represented by each Share gradually decreases over time.

There are no known events that have occurred that require disclosure other than that which has already been disclosed in these notes to the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Manager of
Grayscale Digital Large Cap Fund LLC

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Grayscale Digital Large Cap Fund LLC (the “Fund”) as of June 30, 2020 and 2019, and the related statements of operations and changes in net assets for each of the years in the two-year period ended June 30, 2020, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2020 and 2019, and the results of its operations for each of the years in the two-year period ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the management of the Fund’s Manager. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter—Investments in Digital Assets

In forming our opinion we have considered the adequacy of the disclosures included in Note 8 to the financial statements concerning among other things the risks and uncertainties related to the Fund’s investments in digital assets. The risks and rewards to be recognized by the Fund associated with its investment in digital assets will be dependent on many factors outside of the Fund’s control. The currently unregulated and immature nature of the digital assets market including clearing, settlement, custody and trading mechanisms, the dependency on information technology to sustain digital assets continuity, as well as valuation and volume volatility all subject digital assets to unique risks of theft, loss, or other misappropriation as well as valuation uncertainty. Furthermore, these factors also contribute to the significant uncertainty with respect to the future viability and value of digital assets. Our opinion is not qualified in respect to this matter.

/s/ Friedman LLP

We have served as the Fund’s auditor since 2018.
East Hanover, New Jersey
September 23, 2020

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF ASSETS AND LIABILITIES

	June 30,	
	2020	2019
(Amounts in U.S. dollars, except Share amounts)		
Assets:		
Investments in digital assets, at fair value (cost \$33,495,770 and \$20,381,306 as of June 30, 2020 and 2019, respectively)	\$ 32,374,401	\$ 22,798,591
Total assets	\$ 32,374,401	\$ 22,798,591
Liabilities:		
Manager's Fee payable, related party	\$ —	\$ 176,534
Total liabilities	—	176,534
Net assets	\$ 32,374,401	\$ 22,622,057
Net Assets consists of:		
Paid-in-capital	35,029,298	20,930,343
Accumulated net investment loss	(1,184,441)	(466,750)
Accumulated net realized loss on investments in digital assets	(349,089)	(201,623)
Accumulated net change in unrealized appreciation on Manager's Fee payable	—	(57,198)
Accumulated net unrealized (depreciation) appreciation on investments in digital assets	(1,121,367)	2,417,285
	\$ 32,374,401	\$ 22,622,057
Shares issued and outstanding, no par value (unlimited Shares authorized)	6,029,000	3,103,600
Net asset value per Share	\$ 5.37	\$ 7.29

See accompanying notes to financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
SCHEDULES OF INVESTMENTS

June 30, 2020

	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Investment in Bitcoin	2,890.95335771	\$ 22,059,705	\$ 26,406,229	81.57%
Investment in Ethereum	16,713.06457809	6,153,196	3,759,772	11.61%
Investment in XRP	6,697,006.684596	2,916,527	1,176,395	3.63%
Investment in Bitcoin Cash	2,908.94301800	1,576,599	643,283	1.99%
Investment in Litecoin	9,446.46857963	789,743	388,722	1.20%
Net assets		<u>\$ 33,495,770</u>	<u>\$ 32,374,401</u>	<u>100.00%</u>

June 30, 2019

	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Investment in Bitcoin	1,545.00887000	\$ 11,456,497	\$ 17,362,316	76.75%
Investment in Ethereum	8,931.94399617	4,869,390	2,692,268	11.90%
Investment in XRP	3,579,073.610548	2,179,772	1,439,431	6.36%
Investment in Bitcoin Cash	1,576.36869934	1,302,336	652,617	2.88%
Investment in Litecoin	5,048.46535792	573,311	651,959	2.88%
Total assets		<u>\$ 20,381,306</u>	22,798,591	100.78%
Total liabilities			(176,534)	(0.78)%
Net assets			<u>\$ 22,622,057</u>	<u>100.00%</u>

See accompanying notes to financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF OPERATIONS

	Years Ended June 30,	
	2020	2019
(Amounts in U.S. dollars)		
Investment income:		
Investment income	\$ —	\$ —
Expenses:		
Manager's Fee, related party	717,691	347,723
Net investment loss	<u>(717,691)</u>	<u>(347,723)</u>
Net realized and unrealized (loss) gain from:		
Net realized loss on investments in digital assets	(147,466)	(198,484)
Net change in unrealized depreciation (appreciation) on Manager's Fee payable	57,198	(78,149)
Net change in unrealized (depreciation) appreciation on investments in digital assets	(3,538,652)	7,375,335
Net realized and unrealized (loss) gain on investments	<u>(3,628,920)</u>	<u>7,098,702</u>
Net (decrease) increase in net assets resulting from operations	<u>\$ (4,346,611)</u>	<u>\$ 6,750,979</u>

See accompanying notes to financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF CHANGES IN NET ASSETS

	Years Ended June 30,	
	2020	2019
(Amounts in U.S. dollars, except change in Shares outstanding)		
(Decrease) increase in net assets from operations:		
Net investment loss	\$ (717,691)	\$ (347,723)
Net realized loss on investments in digital assets	(147,466)	(198,484)
Net change in unrealized depreciation (appreciation) on Manager's Fee payable	57,198	(78,149)
Net change in unrealized (depreciation) appreciation on investments in digital assets	(3,538,652)	7,375,335
Net (decrease) increase in net assets resulting from operations	(4,346,611)	6,750,979
Increase in net assets from capital share transactions:		
Shares issued	14,098,955	5,241,962
Net increase in net assets resulting from capital share transactions	14,098,955	5,241,962
Total increase in net assets from operations and capital share transactions	9,752,344	11,992,941
Net assets:		
Beginning of year	22,622,057	10,629,116
End of year	<u>\$ 32,374,401</u>	<u>\$ 22,622,057</u>
Change in Shares outstanding:		
Shares outstanding at beginning of year	3,103,600	1,909,400
Shares issued	2,925,400	1,194,200
Net increase in Shares	2,925,400	1,194,200
Shares outstanding at end of year	<u>6,029,000</u>	<u>3,103,600</u>

See accompanying notes to financial statements

GRAYSCALE DIGITAL LARGE CAP FUND LLC

NOTES TO THE FINANCIAL STATEMENTS

1. Organization

Grayscale Digital Large Cap Fund LLC (the “Fund”) was constituted as a Cayman Islands limited liability company on January 25, 2018 (the inception of the Fund) and commenced operations on February 1, 2018. In general, the Fund holds digital assets. A digital asset will be eligible for inclusion in the Fund’s portfolio if it satisfies market capitalization, liquidity and coverage criteria as determined by the Manager (as defined below). Digital assets will be held in the Fund’s portfolio on a market capitalization-weighted basis. At the inception of the Fund, the digital assets included in the Fund’s portfolio were: Bitcoin (“BTC”), Ethereum (“ETH”), XRP, Bitcoin Cash (“BCH”) and Litecoin (“LTC”) (collectively, the “Fund Components”). On a quarterly basis beginning on the first business day of January, April, July and October of each year, the Manager performs an analysis and may rebalance the Fund’s portfolio based on these results in accordance with policies and procedures as set forth in the Fund’s Limited Liability Company Agreement (the “LLC Agreement”). The Fund is authorized under the LLC Agreement to create and issue an unlimited number of equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund (“Shares”) (in minimum baskets of 100 Shares, referred to as “Baskets”) in connection with creations. The redemption of Shares is not currently contemplated and the Fund does not currently operate a redemption program. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The investment objective of the Fund is to hold the top digital assets by market capitalization and for the Shares to reflect the value of such Fund Components at any given time, less the Fund’s expenses and other liabilities.

From time to time, the Fund may hold cash in U.S. dollars and positions in digital assets as a result of a fork, airdrop or similar event through which the Fund becomes entitled to another digital asset or other property by virtue of its ownership of one or more of the digital assets it then holds (each such new asset, a “Forked Asset”).

Grayscale Investments LLC (“Grayscale” or the “Manager”) acts as the Manager of the Fund and is a wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”). The Manager is responsible for the day-to-day administration of the Fund pursuant to the provisions of the LLC Agreement. Grayscale is responsible for preparing and providing annual and quarterly reports on behalf of the Fund to investors and is also responsible for selecting and monitoring the Fund’s service providers. As partial consideration for the Manager’s services, the Fund pays Grayscale a Manager’s Fee as discussed in Note 7. The Manager also acts as the sponsor and manager of other investment products including Grayscale Bitcoin Trust (BTC) (SEC: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC) (Symbol: LTCN), Grayscale Stellar Lumens Trust (XLM), Grayscale XRP Trust (XRP), and Grayscale Zcash Trust (ZEC), each of which is an affiliate of the Fund.

Authorized Participants of the Fund are the only entities who may place orders to create or, if permitted, redeem Baskets. Genesis Global Trading, Inc. (“Genesis” or the “Authorized Participant”), a registered broker dealer and wholly owned subsidiary of DCG, is the only Authorized Participant and is party to a participant agreement with the Manager and the Fund. Additional Authorized Participants may be added at any time, subject to the discretion of the Manager.

The custodian of the Fund is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the Fund Components and Forked Assets held by the Fund, and holding the private key(s) that provide access to the Fund’s digital wallets and vaults. The Custodian Agreement is for an initial term of three years.

The transfer agent for the Fund (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Fund’s Shares which are primarily held in book-entry form.

On October 14, 2019, the Fund received notice that its Shares were qualified for public trading on OTCQX U.S. Marketplace of the OTC Markets Group, Inc. (“OTCQX”). The Fund’s trading symbol on OTCQX is “GDLC” and the CUSIP number for its Shares is G40705108. The Fund’s previous trading symbol was “GDLCF” on OTCQX and was changed to “GDLC” on April 14, 2020.

On July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (reference number: 1688783).

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The Fund qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services – Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not registered under the Investment Company Act of 1940. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Fund conducts its transactions in Fund Components, including receiving Fund Components for the creation of Shares and delivering Fund Components for the redemption of Shares and for the payment of the Manager’s Fee. At this time, the Fund is not accepting redemption requests from shareholders. Since its inception, the Fund has not held cash or cash equivalents.

Principal Market and Fair Value Determination

To determine which market is the Fund’s principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s net asset value (“NAV”), the Fund follows ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components from the Authorized Participant and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to the Authorized Participant when assessing entity-specific and market-based volume and level of activity for Digital Asset Markets. The Authorized Participant transacts in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB Master Glossary (collectively, “Digital Asset Markets”). The Authorized Participant, as a related party of the Manager, provides information about the Digital Asset Markets on which it transacts to the Fund. In determining which of the eligible Digital Asset Markets is the Fund’s principal market for each Fund Component, the Fund reviews these criteria in the following order:

First, the Fund reviews a list of each Digital Asset Markets and excludes any Digital Asset Markets that are non-accessible to the Fund and the Authorized Participant. The Fund or the Authorized Participant does not have

access to Digital Asset Exchange Markets that do not have a BitLicense and has access only to non-Digital Asset Exchange Markets that the Authorized Participant reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Fund sorts the remaining Digital Asset Markets from high to low by entity-specific and market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.

Third, the Fund then reviews intra-day pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Fund then selects a Digital Asset Market as its principal market for such Fund Component based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Exchange Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the analysis, an Exchange Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market for each Fund Component. The cost basis of the investment in each Fund Component recorded by the Fund for financial reporting purposes is the fair value of the Fund Component at the time of transfer. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions or for payment of expenses in Fund Components or the sale of Fund Components when the Manager rebalances the Fund's portfolio. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee and selling Fund Component(s) when the Manager rebalances the Fund's portfolio.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the 'exit price') in an orderly transaction between market participants at the measurement date.

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Fund.

	Amount at Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
June 30, 2020				
Assets				
Investments in digital assets	\$32,374,401	\$ —	\$32,374,401	\$ —
June 30, 2019				
Assets				
Investments in digital assets	\$22,798,591	\$ —	\$22,798,591	\$ —
Liabilities				
Manager's Fee payable, related party	\$ 176,534	\$ —	\$ 176,534	\$ —

3. Fair Value of Investments in Digital Assets

The Fund Components are held by the Custodian on behalf of the Fund and are carried at fair value. The following table represents the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Exchange Market considered to be its principal market, as determined by the Fund:

Fund Component	June 30, 2020		June 30, 2019	
	Principal Market	Price	Principal Market	Price
BTC	Coinbase Pro	\$ 9,134.09	Coinbase Pro	\$ 11,237.68
ETH	Coinbase Pro	\$ 224.96	Coinbase Pro	\$ 301.42
XRP	Coinbase Pro	\$ 0.18	Bitstamp	\$ 0.40
BCH	Coinbase Pro	\$ 221.14	Coinbase Pro	\$ 414.00
LTC	Coinbase Pro	\$ 41.15	Coinbase Pro	\$ 129.14

Historically, the Fund considered Bitstamp to be its principal market for XRP. The Fund performed an assessment of the principal market at June 30, 2020 and identified a change in the principal market for XRP from Bitstamp to Coinbase Pro. The Fund has applied this change in the XRP principal market effective June 30, 2020.

The following represents the changes in quantity of each Fund Component and their respective fair values:

	Quantity	Fair Value
BTC balance at July 1, 2018	978.33708876	\$ 6,186,260
BTC contributed	603.35963641	3,434,338
BTC distributed for Manager's Fee, related party	(36.68785517)	(203,963)
Net change in unrealized appreciation on investment in BTC	—	8,032,617
Net realized loss on investment in BTC	—	(86,936)
BTC balance at June 30, 2019	1,545.00887000	\$ 17,362,316
BTC contributed	1,423.77956922	11,195,250
BTC distributed for Manager's Fee, related party	(77.83508151)	(660,834)
Net change in unrealized depreciation on investment in BTC	—	(1,559,295)
Net realized gain on investment in BTC	—	68,792
BTC balance at June 30, 2020	2,890.95335771	\$ 26,406,229

	Quantity	Fair Value
ETH balance at July 1, 2018	5,655.92353325	\$ 2,505,291
ETH contributed	3,488.11883601	924,841
ETH distributed for Manager's Fee, related party	(212.09837309)	(55,852)
Net change in unrealized depreciation on investment in ETH	—	(604,042)
Net realized loss on investment in ETH	—	(77,970)
ETH balance at June 30, 2019	8,931.94399617	\$ 2,692,268
ETH contributed	8,231.09766296	1,486,074
ETH distributed for Manager's Fee, related party	(449.97708104)	(87,508)
Net change in unrealized depreciation on investment in ETH	—	(216,300)
Net realized loss on investment in ETH	—	(114,762)
ETH balance at June 30, 2020	16,713.06457809	\$ 3,759,772

	Quantity	Fair Value
XRP balance at July 1, 2018	2,266,356.20103515	\$ 1,035,249
XRP contributed	1,397,706.26417600	501,474
XRP distributed for Manager's Fee, related party	(84,988.85466300)	(35,704)
Net change in unrealized depreciation on investment in XRP	—	(39,747)
Net realized loss on investment in XRP	—	(21,841)
XRP balance at June 30, 2019	3,579,073.61054815	\$ 1,439,431
XRP contributed	3,298,241.09008900	830,441
XRP distributed for Manager's Fee, related party	(180,308.01604100)	(45,792)
Net change in unrealized depreciation on investment in XRP	—	(999,791)
Net realized loss on investment in XRP	—	(47,894)
XRP balance at June 30, 2020	6,697,006.68459615	\$ 1,176,395

	Quantity	Fair Value
BCH balance at July 1, 2018	986.53780237	\$ 715,349
BCH contributed	607.11421018	270,479
BCH distributed for Manager's Fee, related party	(17.28331321)	(14,166)
Net change in unrealized depreciation on investment in BCH	—	(315,213)
Net realized loss on investment in BCH	—	(3,832)
BCH balance at June 30, 2019	1,576.36869934	\$ 652,617
BCH contributed	1,432.63933393	345,848
BCH distributed for Manager's Fee, related party	(100.06501527)	(27,100)
Net change in unrealized depreciation on investment in BCH	—	(283,597)
Net realized loss on investment in BCH	—	(44,485)
BCH balance at June 30, 2020	2,908.94301800	\$ 643,283

	Quantity	Fair Value
LTC balance at July 1, 2018	3,196.81069118	\$ 254,818
LTC contributed	1,971.53576882	110,830
LTC distributed for Manager's Fee, related party	(119.88110208)	(7,504)
Net change in unrealized appreciation on investment in LTC	—	301,720
Net realized loss on investment in LTC	—	(7,905)
LTC balance at June 30, 2019	5,048.46535792	\$ 651,959
LTC contributed	4,652.33684958	241,342
LTC distributed for Manager's Fee, related party	(254.33362787)	(15,793)
Net change in unrealized depreciation on investment in LTC	—	(479,669)
Net realized loss on investment in LTC	—	(9,117)
LTC balance at June 30, 2020	9,446.46857963	\$ 388,722

4. Portfolio Rebalancing

A digital asset will generally be eligible for inclusion in the Fund's portfolio if it satisfies market capitalization, liquidity and coverage criteria as determined by the Manager. Fund Components will be held in the Fund's portfolio on a market capitalization-weighted basis. Specifically, the Fund seeks to hold Fund Components that have market capitalizations that collectively comprise at least 70% of the market capitalization of the entire digital asset market (the "Target Coverage Ratio"). Market capitalization refers to a digital asset's market value, as determined by multiplying the number of tokens of such digital asset in circulation by the market price of a token of such digital asset. Because the Fund will create Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component will be calculated, and the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of such Fund Components (its "Weighting") will therefore fluctuate, daily in accordance with changes in the market price of such Fund Components.

On a quarterly basis beginning on the first business day of January, April, July and October of each year, the Manager performs an analysis and may rebalance the Fund's portfolio based on these results. In order to rebalance the Fund's portfolio, the Manager will (i) determine whether any Fund Components meet certain removal criteria and should therefore be removed from as Fund Components, (ii) determine whether any new digital assets meet certain inclusion criteria and should therefore be included as Fund Components, (iii) determine whether the Target Coverage Ratio is met and (iv) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer eligible for inclusion in the Fund's portfolio because it meets the Removal Criteria, the Manager will adjust the Fund's portfolio by selling such Fund Component and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Weightings.

If a digital asset not then included in the Fund's portfolio is newly eligible for inclusion in the Fund's portfolio because it meets the Inclusion Criteria or because its inclusion is necessary in order for the Fund's portfolio to meet the Target Coverage Ratio, the Manager will adjust the Fund's portfolio by selling tokens of the then-current Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

Each period during which the Manager is purchasing and selling digital assets in connection with a rebalancing is referred to as a "Rebalancing Period." The Manager expects each Rebalancing Period to last between one and five business days. As of and during the years ended June 30, 2020 and 2019, there have been no changes in the Fund Components' market capitalization that would have required the Manager to rebalance the Fund's portfolio.

5. Creations and Redemptions of Shares

At June 30, 2020 and 2019, there were an unlimited number of Shares authorized by the Fund. The Fund creates (and, should the Fund commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of tokens of each Fund Component to the Fund, or the distribution of tokens of each Fund Component by the Fund, plus cash representing the Forked Asset portion, if any, and the U.S. Dollar portion, if any. The number of tokens of each Fund Component required for each creation Basket or redemption Basket is determined by dividing (x) the total number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date of a creation or redemption order, after deducting the number of tokens of each Fund Component payable as the Manager's Fee and the number of tokens of such Fund Component payable as a portion of Additional Fund Expenses (as defined in Note 7), by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 0.0005 of one BTC, 0.0028 of one ETH, 1.1108 of one XRP, 0.0005 of one BCH and 0.0016 of one LTC at June 30, 2020. Each Share represented approximately 0.0005 of one BTC, 0.0029 of one ETH, 1.1447 of one XRP, 0.0005 of one BCH and 0.0016 of one LTC at June 30, 2019.

The cost basis of investments in each Fund Component recorded by the Fund is the fair value of each Fund Component, as determined by the Fund, at 4:00 p.m., New York time, on the date of transfer to the Fund by the Authorized Participant based on the creation Baskets. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors. The Authorized Participant may realize significant profits buying, selling, creating, and, if permitted, redeeming Shares as a result of changes in the value of Shares or each Fund Component. In addition, the Authorized Participant may realize significant profits through the sale of digital assets during a Rebalancing Period.

At this time, the Fund is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. Further, before the Fund is able to effect redemptions, it will be required to meet the requirements of, and register with, the Cayman Islands Monetary Authority and be regulated as a mutual fund under the Mutual Funds Law, 2020 of the Cayman Islands.

6. Income Taxes

The Government of the Cayman Islands does not, and will not, under existing Cayman law, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes.

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes. The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive

income that is treated as “effectively connected” with the conduct of a trade or business in the United States (“effectively connected income”) under the U.S. Internal Revenue Code and corresponding tax regulations (e.g., including under Sections 861 through 865). There can, however, be no complete assurance in this regard. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its “dividend equivalent amount,” as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business).

If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Due to the new and evolving nature of digital assets and a general absence of clearly controlling authority with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing, and character of income recognition) are uncertain. The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital assets will be treated as capital gains or losses. However, it is possible that the IRS will not agree with the Fund’s U.S. federal tax treatment of digital assets.

In accordance with GAAP, the Fund has defined the threshold for recognizing the benefits of tax positions in the financial statements as “more-likely than-not” to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the “more-likely than-not” threshold, based on the largest benefit that is more than 50% likely to be realized. Tax positions not deemed to meet the “more-likely than-not” threshold are recorded as a tax benefit or expense in the current period. As of and during the years ended June 30, 2020 and 2019, the Fund did not have a liability for any unrecognized tax amounts. However, the Manager’s conclusions concerning its determination of “more likely than not” tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Manager of the Fund has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of June 30, 2020 and 2019.

7. Related Parties

The Fund considers the following entities, their directors and employees to be related parties of the Fund: DCG, Genesis and Grayscale. As of June 30, 2020 and 2019, 723,805 and 690,945 Shares of the Fund were held by related parties of the Fund, respectively.

The Manager’s parent, an affiliate of the Fund, holds a minority interest in Coinbase, Inc., the parent company of the Custodian, that represents less than 1.0% of Coinbase, Inc.’s ownership.

In accordance with the LLC Agreement governing the Fund, the Fund pays a fee to the Manager, calculated as 3.0% of the aggregate value of the Fund’s digital asset holdings, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Manager or its delegates (the “Manager’s Fee”). The Manager’s Fee accrues daily in U.S. dollars and is payable in Fund

Components then held by the Fund in proportion to each Fund Component's Weighting. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the U.S. dollar value for such Fund Component on such day. For purposes of these financial statements, the U.S. dollar value of Fund Components is determined by reference to the Digital Asset Exchange Market that the Fund considers its principal market of such Fund Component as of 4:00 p.m., New York time, on each valuation date.

As partial consideration for receipt of the Manager's Fee, the Manager shall assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including marketing fees, administrator fees, if any; custodian fees; transfer agent fees; the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands; printing and mailing costs; the costs of maintaining the Fund's website and applicable license fees (together, the "Manager-paid Expenses"), provided that any expense that qualifies as an Additional Fund Expense will be deemed to be an Additional Fund Expense and not a Manager-paid Expense.

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Fund Expenses").

In such circumstances, the Manager or its delegate (i) will instruct the Custodian to withdraw from the digital asset accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. dollars or other fiat currencies at the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset or (y) cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind in satisfaction of such Additional Fund Expenses.

For the years ended June 30, 2020 and 2019 the Fund incurred Manager's Fees of \$717,691 and \$347,723, respectively. As of June 30, 2020 and 2019, the fair market value of the accrued and unpaid Manager's Fee was \$0 and \$176,534, respectively. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund, which are reimbursable by the Fund to the Manager. For the years ended June 30, 2020 and 2019, the Manager did not pay any Additional Fund Expenses on behalf of the Fund.

The Fund is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in digital assets. Investing in digital assets is currently unregulated, highly speculative, and volatile.

The net asset value of the Fund relates primarily to the value of the Fund Components, and fluctuations in the price of such Fund Components could materially and adversely affect the value of the Shares of the Fund. The price of the Fund Components have a very limited history. During such history, the market price of such Fund Components have been volatile, and subject to influence by many factors including the levels of liquidity. If the Digital Asset Markets continue to experience significant price fluctuations, the Fund may experience losses. Several factors may affect the market price of the Fund Components, including, but not limited to, global supply

and demand of such Fund Components, theft of such Fund Components from global exchanges or vaults, competition from other forms of digital assets or payments services, global or regional political, economic or financial conditions, and events and situations such as the novel coronavirus outbreak.

All digital asset networks are decentralized to an extent, meaning no single entity owns or operates them. Some digital asset networks, such as the BTC, BCH, ETH and LTC networks, are collectively maintained by a decentralized user base. However, unlike other digital assets, XRP is not fully decentralized. Instead, the Ripple network's protocol is largely managed by a group of creators, Ripple Labs, Inc. ("Ripple Labs") and Ripple Labs will generally have control over amendments to, and the development of, the protocol's source code. To the extent that Ripple Labs makes any amendments to the Ripple network's protocol, the Ripple network will be subject to new protocols that may adversely affect the value of XRP. As a result of the foregoing, large sales by Ripple Labs could potentially have an adverse effect on the market price of XRP.

The Fund Components are commingled, and the Fund's shareholders have no specific rights to any specific Fund Component. In the event of the insolvency of the Fund, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for the Fund Components, nor is there a central or major depository for the custody of such Fund Components. There is a risk that some or all of the Fund Components could be lost or stolen. There can be no assurance that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund Components. Further, transactions in the Fund Components are irrevocable. Stolen or incorrectly transferred Fund Components may be irretrievable. As a result, any incorrectly executed Fund Component transactions could adversely affect the value of the Shares.

The Securities and Exchange Commission (the "SEC") has stated that certain digital assets may be considered "securities" under the federal securities laws. The test for determining whether a particular digital asset is a "security" is complex and the outcome is difficult to predict. Public statements by senior officials at the SEC, including a June 2018 speech by the director of the SEC's division of Corporation Finance, indicate that the SEC does not intend to take the position that Bitcoin or Ether are currently securities. Such statements are not official policy statements by the SEC and reflect only the speaker's views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital asset. Further, Ripple Labs, Inc. ("Ripple"), the company that retains a key role in stewarding the development of XRP, is currently a defendant in a federal class-action lawsuit filed by certain XRP holders that alleges that XRP is a security issued by Ripple. If a Fund Component is determined to be a "security" under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for such Fund Component.

For example, it may become more difficult for such Fund Component to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could in turn negatively affect the liquidity and general acceptance of such Fund Component and cause users to migrate to other digital assets. As such, any determination that a Fund Component is a security under federal or state securities laws may adversely affect the value of such Fund Component and, as a result, an investment in the Shares.

To the extent that a Fund Component is determined to be a security, the Fund and the Manager may also be subject to additional regulatory requirements, including under the Investment Company Act of 1940, and the Manager may be required to register as an investment advisor under the Investment Advisers Act of 1940. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund's digital assets at a time that is disadvantageous to shareholders.

Unlike other digital assets, Ripple retains a central role in stewarding the development of the XRP ledger by managing the supply and distribution of XRP due to the large quantity of XRP it retains. As a result of Ripple's

concentration of control, large distributions by Ripple in the future, the perception that these distributions may occur, or any failure to distribute XRP in the best interest of the Ripple network, could have an adverse effect on the market price of XRP and an investment in the Shares.

During the year ended June 30, 2019, the Fund came into possession of Forked Assets by virtue of the Fund's investment in digital assets. The Manager intends to evaluate each fork or airdrop on a case-by-case basis in consultation with the Fund's legal advisors, tax consultants, and the Custodian, and may decide to abandon any Forked Asset resulting from a hard fork or airdrop should the Manager conclude, in its discretion, that such abandonment is in the best interests of the Fund. Any inability to realize the economic benefit of a hard fork or airdrop could adversely impact an investment in the Shares.

The markets that develop subsequent to each fork or airdrop have very limited trading history, are unregulated in nature and are subject to significant volatility. Fluctuations in the value of Forked Assets may be significant. Furthermore, the network participants could stop supporting and using the forked networks at any time which could result in a significant impairment of the value of Forked Assets. There can be no assurances that shareholders will receive any benefit from a distribution of Forked Assets.

As with any computer network, digital asset networks are vulnerable to various kinds of attacks. For example, each digital asset network of the Fund Components is vulnerable to a "51% attack" where, if a malicious actor were to gain control of more than 50% of a network's hash rate, it would be able to gain full control of the network and the ability to manipulate such network's blockchain. In May 2019, the Bitcoin Cash network experienced a 51% attack when two mining pools combined their hash rates to reverse a block of transactions that rewarded tokens to an unknown actor who had taken advantage of an unrelated vulnerability in the Bitcoin Cash network. The Fund did not suffer any direct losses as a result of the attack. Although this particular attack could be interpreted as reversing a separate attack on the Bitcoin Cash network, the Bitcoin Cash network may be vulnerable to future 51% attacks that could result in a loss of confidence in the Bitcoin Cash network.

To the extent a private key required to access a Fund Component address is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund may be unable to access the relevant Fund Component controlled by the private key and the private key will not be capable of being restored by the network of such Fund Component. The processes by which the Fund Component transactions are settled are dependent on the peer-to-peer network of such Fund Component, and as such, the Fund is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of the Fund Component.

The Fund relies on third party service providers to perform certain functions essential to its operations. Any disruptions to the Fund's or the Fund's service providers' business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs as a result of the COVID-19 pandemic could have an adverse impact on the Fund's ability to access critical services and would be disruptive to the operation of the Fund.

9. Financial Highlights Per Share Performance

	For the Year Ended June 30,	
	2020	2019
Per Share Data:		
Net asset value, beginning of year	\$ 7.29	\$ 5.57
Net (decrease) increase in net assets from investment operations		
Net investment loss	(0.16)	(0.11)
Net realized and unrealized (loss) gain	(1.76)	1.83
Net (decrease) increase in net assets resulting from operations	(1.92)	1.72
Net asset value, end of year	\$ 5.37	\$ 7.29
Total return	-24.08%	34.92%
<i>Ratios to average net assets:</i>		
Net investment loss	-3.00%	-3.00%
Expenses	-3.00%	-3.00%

An individual Shareholder's return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions.

Total return is calculated assuming an initial investment made at the net asset value at the beginning of the year and assuming redemption on the last day of the year.

10. Indemnifications

In the normal course of business, the Fund enters into certain contracts that provide a variety of indemnities, including contracts with the Manager and affiliates of the Manager, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Fund. The Fund's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Manager does not consider it necessary to record a liability in this regard.

11. Subsequent Events

As of the close of business on September 18, 2020 the fair value of each Fund Component, determined in accordance with the Fund's accounting policy, was \$10,869.38 per BTC, \$379.04 per ETH, \$0.25 per XRP, \$233.39 per BCH and \$47.98 per LTC.

There are no known events that have occurred that require disclosure other than that which has already been disclosed in these notes to the financial statements.